Issues of health
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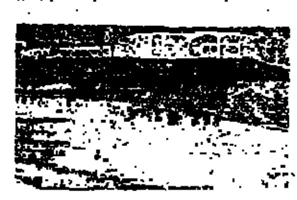


TOMORROW'S
Weekend FT
The horror of the English holiday resort

FINANCIAL TIMES

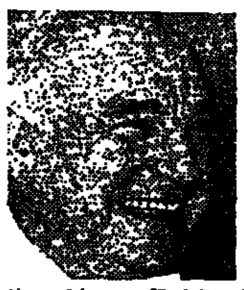
Europe's Business Newspaper — FRIDAY AUGUST 26 1994 — D8523A

Rising yen helps force Toyota profits down 25%

The downturn in Japan's car market and the impact of the sharp appreciation of the yen were highlighted as Toyota, the country's largest car maker, announced a 25 per cent decline in unconsolidated annual pre-tax profits to Y214bn ($2.2bn) *from a previous* Y286.4bn on sales down 10 per cent to Y8,155bn (Y9,031bn). The company cited the yen's rise and sluggish demand *in its home* market and Europe as key factors behind the disappointing performance. Page 15

Hard US line on Cuba under fire: US president *Bill Clinton's* administration faced growing opposition from both Republicans and Democrats over its refusal to talk *with Cuban president* Fidel Castro on the growing exodus of refugees from the island seeking entry to the US. Page 14

Kohl seeks fourth term as chancellor



German chancellor Helmut Kohl (left) launched his *campaign for a fourth* term as head of government, presenting himself as the defender of unity, peace and stability against an emergent left-leaning front led by the Social Democrats. Speaking at the unveiling of the election manifesto for the senior coalition parties – *his own Christian* Democratic Union and finance minister Mr Theo Waigel's Christian Social *Union – Mr Kohl said that Germany had found its* place among "the winners for the first time this century". Page 14

Hutchison surge surprises market: Hong Kong conglomerate Hutchison Whampoa surprised the market with a 48 per cent rise in first-half earnings to *HK$3.7bn* ($480m). Page 15

Mexican victor plans to speed reforms: Ernesto Zedillo, the victorious candidate in Mexico's presidential election, outlined plans to intensify political reform. Page 3

Work stopped at eight GM plants: US vehicle builder General Motors stopped work at eight plants because of a strike at an Indiana supply factory.

GRE interim doubled: Composite UK insurance company Guardian Royal Exchange doubled *interim trading profits to £131m ($203m). Page 16;* Lex, Page 14

Swedish-UK groups win rail contract: A SKr4.5bn ($584m) contract to build a rail link between Stockholm and the city's main Arlanda airport was awarded to a Swedish-British consortium. Page 5

Hyundai strike ends: Workers at Hyundai Heavy Industries, South Korea's largest shipbuilder, agreed to end a 63-day strike. Page 4

Japan's capital spending falls: Domestic capital spending by Japanese companies remains on a downward trend and may not recover even by the year which ends in March 1996, a survey by the Long-Term Credit Bank of Japan shows. Page 4

Slough 16% ahead: Slough Estates, *the UK's* largest industrial property company, reported a 16 per cent *increase in first-half profits to* £33.3m. ($51.6m) reflecting an improving rental market. Page 20; Lex, Page 14

Bayer profits recover: The profits recovery at German chemicals company Bayer *continued*, with interim pre-tax income up 24 per cent to DM999m ($636m) on sales up 6 per *cent at DM22bn*. Page 15

Change of style at European Commission: Jacques Santer, incoming *president* of the European *Commission*, is planning a more open style of leadership when he succeeds Jacques Delors in January. Page 14

Weir Group to buy US pump maker: Weir Group, Scottish-based *specialist* engineering products and services group, is paying $210m to acquire EnviroTech Pumpsystems, a leading US manufacturer of specialist pumps. Page 15

Ladbroke expected to buy casinos: Ladbroke, UK hotels, betting and DIY group, is believed to be planning to announce the acquisition of three London casinos for about £50m *($77.5m)*, 15 years after being expelled from the business. Page 16

England win: England (219-4) beat South Africa (215-7) by six wickets in a one-day cricket international at Edgbaston. Mike Atherton was confirmed as England captain for the tour of *Australia at the* end of the year.

■ STOCK MARKET INDICES

FT-SE 100:	3,234.2	(+29.0)
Yield	3.89	
FT-SE Eurotrack 100	1,370.77	(+11.46)
FT-SE-A All-Share	1,617.45	(+0.8%)
Nikkei	20,443.29	(-68.31)
New York lunchtime:		
Dow Jones Ind Ave	3,843.49	(-3.24)
S&P Composite	469.37	(+0.34)

■ US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	4.647%
Long Bond	100⅞
Yield	7.483%

■ LONDON MONEY

3-mo Interbank	5$\frac{13}{32}$%	(5½%)
Liffe long gilt future:	Sep 101$\frac{13}{32}$	(Sep100$\frac{23}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$16.33	(16.28)

■ Gold

New York Comex (Dec)	$388.1	(388.6)
London	$383.40	(384.25)

■ STERLING

New York lunchtime:		
$	1.55335	
London:		
$	1.5526	(1.5558)
DM	2.4005	(2.3977)
FFr	8.2266	(8.2162)
SFr	2.0253	(2.0226)
Y	154.844	(153.114)
£ Index	78.9	(same)

■ DOLLAR

New York lunchtime:		
DM	1.54625	
FFr	5.298	
SFr	1.305	
Y	99.85	
London:		
DM	1.5462	(1.5411)
FFr	5.2988	(5.281)
SFr	1.3045	(1.3)
Y	99.735	(98.415)
$ Index	62.7	(62.4)

Tokyo close Y 99.54

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv60.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Peso50	Syria	S£50.00
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal(mainland)	Es225	Turkey	L30000
						UAE	Dh12.00

Lockheed barred from exporting Hercules

Transport aircraft tender worth $1.55bn in jeopardy

By Bernard Gray in London

Lockheed, the US aerospace company, has been barred indefinitely from exporting its C-130 Hercules aircraft by the US State Department, raising doubts about the company's £1bn ($1.55bn) *bid* to supply the UK with replacement transport aircraft.

The company is accused of *breaching* the US Foreign Corrupt Practices Act by bribing foreign officials on previous contracts. Lockheed is attempting to sell 30 of the latest-generation C-130J aircraft to Britain and 12 similar transporters to Australia.

The ban, revealed in documents filed with the Securities and Exchange Commission this week, was imposed by the State Department on August 18. It follows the indictment in June on bribery charges of two *Lockheed* executives and the Lockheed *Aeronautical Systems Company* (LASC) subsidiary, which makes the Hercules transporter and the P-3 Orion maritime patrol aircraft.

The scandal comes amid a battle over the UK transporter order between Lockheed and a group led by British Aerospace, which wants the Royal Air Force to buy a European alternative, dubbed the Future Large Aircraft. Lockheed already has export licences for the UK deal, but the political sensitivity of the issue would *raise the stakes in the UK's* decision to buy a US rather than European transporter.

The Ministry of Defence had hoped to make a decision before the end of the year. The C-130J is due to be in service by 1996, though a separate US Air Force report suggests that the aircraft may be late.

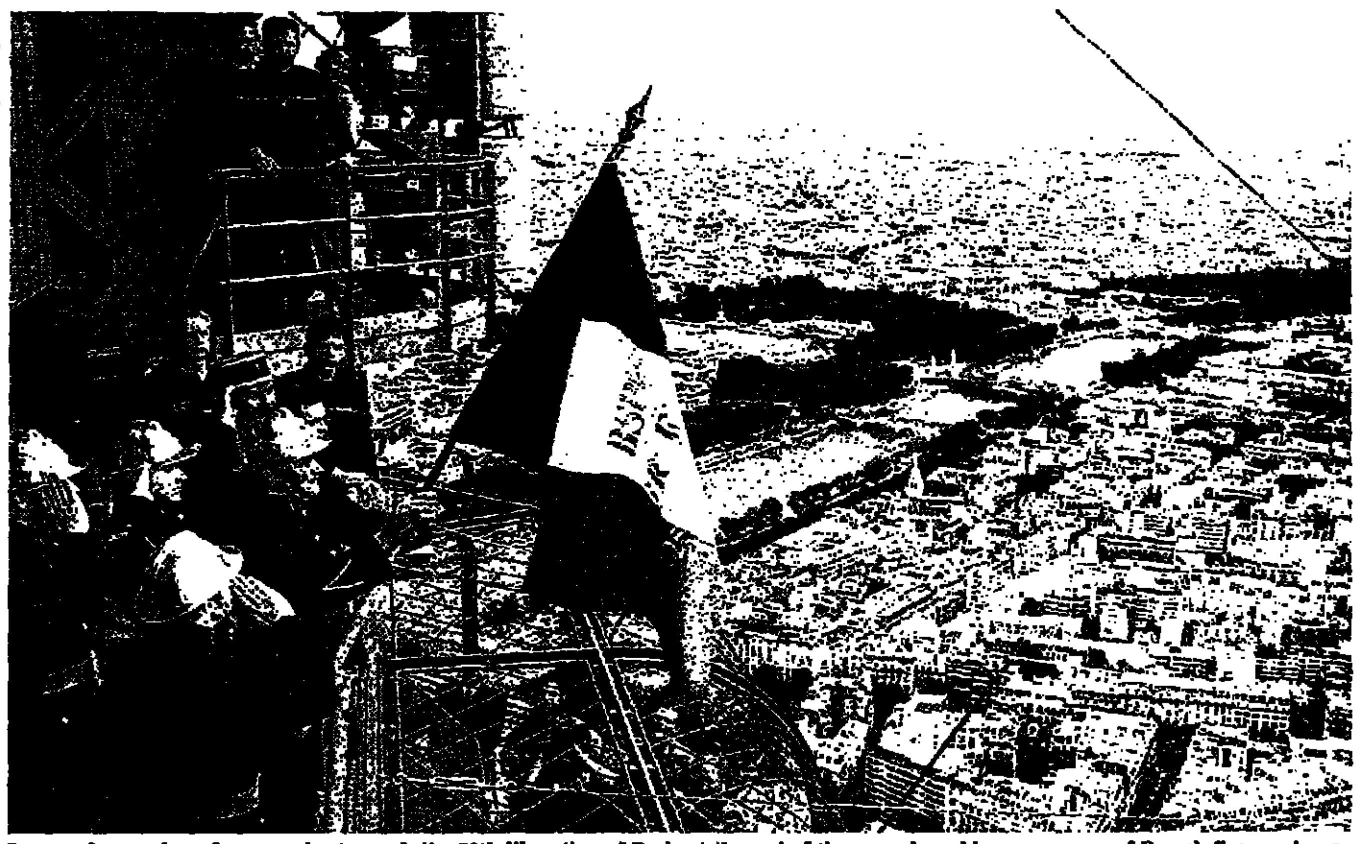
The company is accused of paying an Egyptian politician, Ms Leila Takla, $1m to help secure an order for three Hercules aircraft five years ago. It denies the allegations and is contesting the court case. *The two executives* accused are Mr Allen Love, formerly LASC's *director* of Middle East and North African sales, and Mr Suleiman Nassar, a Lockheed regional vice-president who operated from Geneva and is being sought in connection with the investigation.

If convicted, Lockheed faces an indefinite ban on exports from its LASC subsidiary until it can satisfy the State Department that practices have been improved. Export licences granted before *the June 22 indictment still* stand, and the company can *appeal on a case-by-case basis for* any ban to be lifted on US national security grounds.

Licences for potential UK and Australian exports should be unaffected by the court case, according to the company. Even so, any conviction could be a serious setback for Lockheed.

In a separate report, the US Air Force said that the C-130J would be *five months late* and cost $200m more to develop than *Lockheed expects*.

A Lockheed spokesman said the aircraft was being developed at the company's expense, and that it was happy its estimates were correct. As the RAF and the USAF would be offered the C-130J at fixed prices, any risk would be carried by the company.



In one of a number of ceremonies to mark the 50th liberation of Paris at the end of the second world war, a group of French firemen hang a *French flag from the top of the Eiffel Tower to re-enact the 1944 event when a commando of 'Sapeurs Pompiers' secretly scaled the* monument to unfurl a tricolour. Reuter

BSkyB and Ansett help News Corp to boost its profits

By Nikki Tait in Sydney

A surge in profits from News Corporation's two *associate* companies, BSkyB and Ansett Airlines, *more* than offset a small decline in earnings from its core operations, and allowed Mr Rupert Murdoch's media and film group to post after-tax profits, before abnormals, of A$1.21bn ($894m) in the 12 months to June.

This was nearly *24* per cent up on the A$979m made in the previous year. *Net profits after* abnormals reached A$1.33bn, up from A$864m. This reflected a A$123m gain – largely on the sale of the group's interest in the South China Morning Post – compared with a A$115m charge last time. Revenues were 8.7 per cent higher at A$11.6bn.

Much of the improvement came from the two associates, whose combined contribution *to* profits more than doubled from A$177m *to* A$394.

Ansett, the Australian airline *owned jointly by News Corp* and TNT, saw operating profits *almost quadruple*, while passenger volume rose by more than 13 *per cent*.

The airline attributed the improvement to increased business travel, better yield management, advertising and cost control. BSkyB, the satellite broadcaster in which News has a 50 per cent stake and where Pearson, publisher of the Financial Times, also has a stake, saw operating profits rise 170 per cent.

News Corp's figures were also helped by a A$70m drop in interest charges, to A$667m, as a debt reduction and rescheduling programme continued. The group said yesterday that this meant it now had no "meaningful" debt amortisation requirements until the year 2000.

Operating profits from core operations, however, were 6.2 per *cent lower* at A$1.6bn, with strong increases on the film and television side offset by declines in newspapers and magazines/inserts.

The latter was due to the newspaper price war in the UK, which cut operating profits there by 37 per cent; to the sale of the South *China Morning Post* interest; to higher than expected start-up *costs at a new Melbourne printing* plant; and to competitive *pressure in the coupon industry*.

Overall, the newspapers division made operating profits of A$436m, against A$671m, while magazines and inserts contributed A$339m, against A$402m.

By contrast, the film division multiplied operating profits to A$141m, from A$53m, while television made A$466m against

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News Corp lifted, Page 15
BSkyB soars, Page 20

Output of TV sets threatened by lack of glass

By Alan Cane in London

Some 10m potential customers for colour television sets or computer monitors are likely to be disappointed this year – because of a shortage of the right kind of glass.

Makers of cathode ray tubes, the funnel-shaped electronic components *responsible for* the picture in a television set or computer display, cannot satisfy demand even though they are working to capacity. They are limited by the availability of the high quality lead glass used in making the tubes.

Only a handful of companies in the world manufacture the glass. They include Philips of the Netherlands, Schott of Germany, Videoglass of France and several *Japanese producers, including* Nippon Electric Glass and Asahi Glass.

Mr Wim de Kleuver, chief executive of Philips Components, the division of the Dutch company that makes cathode ray tubes, said world demand for tubes would be 160m units this year *but that* CRT makers would be able to produce only 150m because of the glass shortage.

The reasons for the shortage *are twofold:*

- Glassmakers cut investment in the special glassmaking plant during the recession and are finding it hard to increase production to match demand, currently estimated to be growing by 25 per cent a year.
- A number of makers decided *to take advantage of the recession* for routine refurbishment and closed about a quarter of the industry's capacity.

Now Philips is planning to spend about £10m to increase capacity at its UK glassmaking plant near Blackburn in the north of England, while Schott is collaborating with Nippon Electric Glass to build a new plant in Cardiff, Wales, *to supply Sony's* Bridgend television factory.

Philips *is a major supplier of* CRTs to television and computer manufacturers throughout the world. In the UK its customers include National Panasonic, Hitachi and Sanyo of Japan and Samsung of South Korea.

In the meantime, CRT makers are seeking new sources of supply. Some are transporting glass around the world by ship while others are thinking of recycling old displays. This is regarded with horror by some manufacturers because of the greater risk that displays could burst in use.

China faces swift urban growth as economy surges

By Tony Walker in Beijing

China faces an urban explosion *in the next two decades with a* massive population shift from rural areas to cities and new townships, according to a study by one of the country's most respected academic institutions.

China's Academy of Social Sciences forecasts that by the year 2010, the country's urban population will grow from 27.6 per cent of the total population to 50 per cent.

The startling urbanisation projection *suggests that China* which has hitherto been predominantly an agrarian society, is undergoing a sociological revolution even more profound than has been recognised.

Entitled "Policy Choices of China's Economic Development", the study calls for a rapid small town development programme to provide homes and jobs for peasants leaving the land "as cities have reached their limit in taking farmer-migrant workers".

Such rapid urbanisation would have serious consequences for the *environment* in the world's most populous country, and *would also suggest a revolution* in consumer habits and lifestyles.

The academy, which frequently acts as a "think tank" for the government, predicts that China's economy will grow by an average 8.25 per cent a year to 2010 and will become "one of the world's largest".

Government officials are wary of claims that China is becoming *the world's biggest* economy. They are concerned that such *recognition may jeopardise trade* and other benefits accruing to a developing country. This has been one of the crucial issues in negotiations over China's entry to the General Agreement on Tariffs and Trade.

The government-commissioned study expects that, if average annual growth of 8.25 per cent is maintained, China's gross domestic product will more than quadruple by 2010. But it says the country *will need to maintain* exceptionally high growth rates to cope with surging demand for *new jobs*. "Each year China needs to create 17m-18m new *jobs, 3m-4m annually more than* in the 1980s."

The study estimates surplus rural labour at between 100m and 120m. The bloated state-owned sector *employs* 140m, *many of* whom are believed to be surplus.

Cities such as Beijing, Shanghai and Guangzhou have been overrun with migrant labourers. The influx has been blamed for an *increase in crime and has* stirred fears about social unrest.

The study predicts the gap between the prosperous coastal regions and the hinterland will continue to widen, but it also anticipates a "wave effect" of new foreign investment into more remote areas. The academy forecasts that China's population will rise from 1.17bn at present to 1.3bn in the year 2000, 1.4bn in 2010 and 1.6bn in 2050, which it predicts *will be the peak*.

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CONTENTS

Russia reveals mass resettlement plans as inefficient pits are closed

Thousands of miners to leave Siberia

By Chrystia Freeland in Moscow

About 50,000 Russian coalminers and their families, who face redundancy as pits in the far north of the country are shut down, will be resettled by the Russian government, senior officials from the industry said yesterday.

The miners and their families, who live in barely inhabitable Siberian settlements where the pits are the only source of employment, represent a larger social problem which Russia is confronting, as inefficient factories are beginning to shut down in remote areas of Russia.

Siberia is filled with cities, like the mining towns, whose entire populations could be left jobless and with little possibility of finding employment elsewhere if the Russian government resists pressure to bail out failing state factories with inflationary soft loans.

The social ripple-effect of industrial closures is exacerbated by the role Russian mines and factories have traditionally played as the main providers of social welfare facilities in the towns and cities where they were located.

"We do not intend to throw anyone out on the streets," said Mr Yuri Malyshev, head of Rosugol, the state coal producers' association. "We are talking of veterans here who have worked all their lives in the north and are now impoverished in conditions of hyper-inflation."

He said that 50,000 coalminers and their families from the mining settlement of Vorkuta and the northern region as a whole would be moved over the next few years.

However, so far only 500 families have been resettled in more hospitable southern areas of the country, and to date Rosugol has acquired a total of only 1,800 flats for the hard-pressed mining families.

The Russian government is facing growing pressure from cash-strapped industries and agriculture to release more funds but fears triggering a new round of inflation. It has earmarked Rbs300bn ($140m at the market rate) for the resettlement programme this year, but Mr Malyshev said that only part of the money had so far been released to Rosugol.

Russian coal production was down 12 per cent in the first half of this year, compared with last year's figures, as the industry, confronting a depletion of reserves and crumbling infrastructure, struggles to restructure.

Mr Malyshev said that 37 mines and one open cast pit had to be shut if the coal industry was to adapt to Russia's new, tougher, economic climate. However, so far only one mine, the Khalmer-U in Vorkuta, has been closed.

The high social cost of the Russian government's fiscal and monetary austerity was further underscored yesterday when 2,000 farmers called for President Boris Yeltsin's resignation at a rally in Moscow.

The farmers, trapped in the country's growing debt crisis, said the government paid for last year's crop several months late, a time lag which allowed inflation to consume part of the farms' revenues.

At the demonstration, which included an address by Mr Gennady Zyuganov, the Communist party leader, farmers also complained that financially squeezed Russian factories were unable to supply sufficient and timely agricultural inputs and machinery.

Parisians in vintage vehicles parade through the city's streets in celebration of the liberation of the French capital 50 years ago from German wartime occupation AP

Fireworks - and politics - mark commemoration of Paris liberation

French rivals wave their flags

By David Buchan in Paris

The successors of General Charles de Gaulle yesterday used the commemoration of the 50th anniversary of the liberation of Paris to promote their rival presidential bids, with Mr Jacques Chirac wrapping himself firmly in the mantle of the late general and Prime Minister Edouard Balladur presenting himself as the unity candidate representing all conservatives.

Their language was inevitably coded, given the nature of the occasion and the fact that neither is yet a formal candidate. The French press, however, was quick to interpret Mr Balladur's citing of the call of General Leclerc, whose French division freed Paris, for an end to "fractious divisions" as reflecting the prime minister's own strategy to unite the centre-right behind him. It saw in Mr Chirac's fulsome repetitions of De Gaulle's commentaries on the events of 50 years ago an attempt to ensure that the RPR neo-Gaullist party lines up behind him.

This commemorative summer of wreath-laying and speech-making about the final year of the second world war, taking French dignitaries and Resistance veterans to the beaches of Normandy in June and Provence earlier this month, has been largely free of internal politicking. But at these earlier ceremonies Mr Chirac and Mr Balladur were both said to have felt that President Mitterrand somewhat underplayed the role of the French Resistance, and thus saw in this week's events in Paris a chance to redress the balance.

Both, however, have vied to be the one to do the redressing. As mayor of Paris, Mr Chirac has been busy at centre stage, though taking time off to give interviews this week complaining that successive Gaullist governments – and by implication Mr Balladur's – have lost sight of the "social goals" of the revered general. Not to be left entirely in the wings, Mr Balladur is today giving his own reception for Resistance heroes.

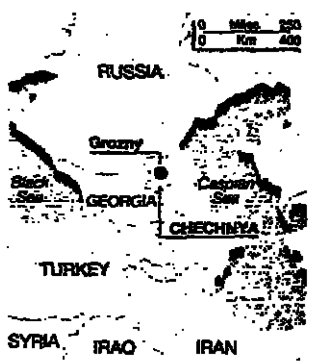
The celebrations climaxed yesterday with a procession taking the route into the city of Gen Leclerc's armoured division, in a repeat of the feat of the lone fireman who climbed the Eiffel Tower to hoist the tricolour, and in a mass fête on the Place de la Concorde preceded by chain explosions of fireworks along the bridges of the Seine. Today sees Gen de Gaulle's march down the Champs Elysées commemorated.

The progression of the liberators through Paris was last night marked by a firework spectacular successively lighting up the city's bridges, symbolically detonated by water-skiers passing under them. The peaceful explosion of the 10 tonnes of fireworks was an indirect reminder of the explosives the Germans placed on the main bridges and buildings 50 years ago and which Hitler ordered to be detonated.

But for the mediation of an exceptional Swedish consul, Raoul Nordling, and the Nelsonian blind eye that the German commander, Gen Dietrich von Choltitz, turned on Hitler's orders, Paris might have met the fate of Warsaw whose uprising and buildings were destroyed three weeks earlier, while nearby Russian troops stood by. Gen Leclerc's US superiors wanted to push on without being distracted by freeing and feeding Paris, and thus only gave him the go-ahead to march on Paris three days after the uprising had started.

Had this delay been fatal to Paris, it would have turned the chip-on-the-shoulder that some French still bear about having their country liberated by the "Anglo-Saxons" into a deeper enmity like that between many Poles and Russians. As it turned out, there was nothing to mar the welcome for Allied troops following Gen Leclerc – and Ernest Hemingway – into Paris. Last night the Ritz Hotel unveiled its bar revamped in honour of the American writer who "liberated", and drained, it on August 25, 1944 and who later said his dream afterlife was always the Paris Ritz.

Moscow stalks Chechens' rebel state



The mountain region's independence looks increasingly shaky, writes **Steve LeVine**

The embattled government of the break-away Russian region of Chechnya brought thousands of supporters by bus to the capital Grozny yesterday to defend its stand against political challenges from Moscow and armed local rivals. This was all very well, except for the 10,000 people gathered at an opposition rally 5km away, celebrating – mistakenly – the supposed resignation of President Dzhokhar Dudayev.

Nearly three years ago, the Chechens, a mountain people in the Caucasus renowned for their fierce military traditions, asserted their independence from Russia with Mr Dudayev, a charismatic former Soviet air force general, as their leader. Over the past few months, however, the sovereignty of the increasingly impoverished region, and Mr Dudayev's rule, have been threatened as Moscow has sought to bring the rebels to heel and internal opposition has grown.

"Russia still wants to enslave us," Mr Dudayev – clearly still in office – told about 3,000 supporters gathered yesterday in Grozny's central square. "Russia has declared there can be no free republic inhabited by free people." Some 15 black-clad presidential guards, their Kalashnikovs at the ready, stood on a balcony above Mr Dudayev as he spoke while dozens of his backers in the square below broke into the frenetic dancing, chanting and drumming of the mystical Islamic Sufi sect. "We are dancing in support of Dudayev and the sovereignty of the country," said Mr Akhmad Makhmudov, a local Islamic religious leader.

At about the same time, in the nearby town of Sunzha, Mr Ruslan Khasbulatov, the former leader of the Russian parliament who was ousted last year after a bloody power struggle with President Boris Yeltsin, declared that Mr Dudayev's government had been dissolved.

An ethnic Chechen who has returned to his homeland in an effort to launch a political comeback, Mr Khasbulatov made his claim at a rally of heavily armed opponents to Mr Dudayev's regime. Among their weapons were two Russian army helicopters. Some opposition leaders have said they have been armed by Russian military.

The two political rallies came against a backdrop of an increasingly tense tug-of-war between a Russian government trying to keep the federation together, and the maverick Mr Dudayev. Over the past three years the Chechen leader has repeatedly challenged Moscow's suzerainty over his oil-rich north Caucasus republic, and in the past month Mr Yeltsin has stepped up pressure to topple him.

Local analysts do not expect Mr Dudayev to be ousted soon but they say his conflict with Russian-backed opposition forces is coming to a head.

The power struggle is complicated by the intricate clan-based loyalties which dominate local politics, and the region's unforgiving warrior traditions. One product of this culture is Mr Ruslan Labazanov, a 26-year-old warlord who appears to have taken control of a region 100km north of Grozny.

Formerly a Dudayev supporter, he declared a blood feud against the president last month and has now emerged, seemingly heavily armed, in support of Mr Khasbulatov.

Mr Dudayev's regime has been marked by his reliance on armed force and the effective support it has enjoyed from a powerful, locally based mafia which reaches into Moscow, other areas of Russia and even western Europe. Mr Dudayev has also successfully tapped his people's deep-seated hostility towards Russia based on a centuries-old struggle for independence and on Stalin's mass deportation of Chechens to Central Asia after the second world war.

Russian government efforts to unseat Mr Dudayev, which include a fierce rhetorical attack in the media but have fallen short of direct military intervention, have increased as lawlessness has spread from Chechnya to other areas of southern Russia.

A turning point for Russian public opinion came last month when Chechen nationals kidnapped several people in the nearby Caucasus city of Mineralnye Vody. Five of the hostages were killed in the rescue attempt.

Russian officials have accused Mr Dudayev of providing a sanctuary for Chechen gangsters and have claimed that Chechnya is a country run by and for criminals.

Pension reform a key to Italy's budget problems

Andrew Hill reports from Milan on a move which would not only yield much needed savings but represent, in theory at least, a permanent structural change in the country's public finances.

Two blind Italians have just come under police investigation. One is apparently a sharpshooting huntsman; the other drives a van for the local education authority. Both claim a state disability pension and an allowance for a sighted companion, which is good news for other drivers, but bad for ducks and the Italian Treasury.

They are among the first targets of a nationwide sweep to eliminate widespread fraud in the state's invalidity pension scheme. They are also being cited by Italian ministers and the media as symbols of Italy's state pensions crisis.

Pensions reform is by no means the only challenge facing Mr Silvio Berlusconi's government as it returns today from a short summer holiday. But analysts believe it may be the key to unlocking the central problem of Italy's public finances, posed by Mr Lamberto Dini, the Treasury minister, before the summer break: how to cut the budget deficit to L138,600bn (£57bn) or 9.4 per cent of gross domestic product next year, compared with L154,000bn (£63bn) estimated for this year.

The government needs to find L45,000bn over the next year by raising revenue and cutting spending. According to one undersecretary at the Treasury, that figure could rise to more than L50,000bn, because of the additional cost of financing the national debt following the half-point rise in interest rates earlier this month.

Mr Dini outlined some of the likely budget measures in July. They include an amnesty on the backlog of tax assessment cases which could generate L15,000bn of new revenues, and a similar pardon for buildings constructed without proper planning permission which could raise a further L5,400bn.

The significance of pensions reform in this complicated equation is not that it could supply a further L7,000bn-L8,000bn of savings in 1995, but that it would represent, in theory at least, a permanent structural change in Italy's public finances.

The bare statistics supplied by INPS, the national pension fund, illustrate the extent of the problem. According to figures released earlier this year, INPS expects to pay out L250,973bn in pensions and social assistance for 1994, while receiving only L178,823bn. The shortfall is covered by transfers from the Treasury, which helps explain why Mr Dini was one of the only government ministers not to take any summer holiday.

Industry and investors are pressing for swift and decisive action to tackle the problem. "What's needed is an across-the-board solution based on strong principles of equity for everybody," said Mr Stefano Micossi, head of the research unit of Confindustria, the Italian employers' federation, yesterday.

Such a solution, according to Treasury sources, would require an end to a number of obvious anomalies in the Italian system.

● Fraud. This is the area where there is probably the greatest consensus, although there are differences of opinion about the extent of the problem and whether it should be solved, like other fraud problems inherited from Italy's corrupt old system, with an amnesty for blind drivers and their like.

● Pensionable age. Mr Giuliano Amato, when prime minister, proposed a harmonisation of pensionable age to 65 for men, and 60 for women – but only by 2002. This is too slow, Treasury sources suggest, especially as workers in different sectors are entitled to retire at different ages.

● The yield for calculating pensions. Italians accumulate pension provisions at a faster rate than do citizens of most other European countries – 2 per cent a year. Thus, after only 15 years of contributions, Italians are already entitled to a pension worth 30 per cent of their average salary in the final years of employment. The average figure in France is 1-1.3 per cent, and in Germany 1.5 per cent.

● Pensions paid to workers. Certain pension benefits continue to be paid to workers who retire from one job, only to start a second career, for example as self-employed shopkeepers.

Even if all these problems are solved, the government may still have to find a way to deal with a constitutional court ruling earlier this year, which could oblige the state to pay more than L30,000bn to top up existing pensions. Perhaps sensibly, the Treasury is waiting for confirmation of the legal position before acting.

The difficulty for the Treasury in tackling the basic anomalies is that the prospect of cutting pension benefits is highly sensitive. Mr Clemente Mastella, Italy's labour minister, hinted in a newspaper interview published on Tuesday, that indiscriminate cuts would bring angry pensioners into the piazza to protest. Labour unions are also keeping an extremely close eye on the plans, and the Treasury itself is likely to propose at first a range of solutions to the problem to avoid inflaming the first cabinet discussion.

In the past few days, however, the tone of the pensions debate has calmed somewhat. For one thing, the government has made it clear that there will be no attack on pension rights accumulated under the existing, albeit extravagant, system. Mr Mastella has also adopted a more sombre tone, warning that everybody will have to make sacrifices.

Mr Berlusconi's chief of staff said yesterday that public finances would not be on the formal agenda of today's cabinet meeting, but Treasury sources indicated that the government will be looking to submit a 1995 budget to parliamentary scrutiny well before the end-September deadline. Amid the political brouhaha, Mr Dini is certain of one thing: any delay is likely to be pounced on by the political opposition, and by the markets.

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EUROPEAN NEWS DIGEST

Renault awaits sale decision

The French government confirmed yesterday that it will decide by mid-September whether to sell off part of the state's 80 per cent holding in Renault, amid signs that the prime minister, Mr Edouard Balladur, might keep 51 per cent in state hands to appease the car group's protesting unions. Renault's possible sale is caught up in conflicting pressures from the prime minister's office, which wants to apply the brake in the interest of maintaining labour peace, and from the industry ministry, which is pressing the accelerator for the car group's privatisation. Industry ministry officials claimed yesterday not to be downhearted by Mr Balladur's political caution, because it indicated that the prime minister was seriously weighing the option of floating part of the company. The industry ministry is keen on privatisation before November 30 to take advantage of favourable disinvestment arrangements agreed with the Swedish car-maker Volvo. *David Buchan, Paris*

Turkey raises interest rates

Turkey's central bank yesterday moved to quell recent currency turbulence by raising interest rates to 240 per cent from 70 per cent in the overnight market. Before trading opened yesterday the lira had lost 11 per cent against the dollar in two days. The nervousness follows three months of monetary stability, when the lira had been steady at around TL31,000 to the dollar, and interest rates had been moving down. The central bank's official opening price yesterday was TL35,291 to the dollar. After the central bank move, the rate had steadied to around TL34,000. The uncertainty resulted as traders moved to anticipate a large repayment of government bonds, issued initially at rates as high as 400 per cent as the government sought to finance its budget. *John Murray Brown, Ankara.*

Germans settle property claims

The German federal office for the regulation of property questions, which was set up to deal with outstanding property rights claims in eastern Germany from both the Nazi and Communist eras, yesterday announced it had settled 38 per cent of all claims by last June, excluding enterprises. More than 43 per cent of all claims for businesses have also been settled. The office, which expects it will take another 10 years to clarify the remaining claims, had originally registered 1.248m claims for 2.8m property titles. Berlin and the state of Saxony-Anhalt have resolved only 20 per cent and 31 per cent respectively of all enterprise claims largely because both regions had sizeable Jewish communities and in many cases it has been difficult to trace descendants. *Judy Dempsey, Berlin.*

Romania detains pyramid chief

Romanian police said yesterday they had detained the owner of the collapsed pyramid investment scheme, Caritas, which syphoned off the savings of millions of people. Former bookkeeper Mr Ion Stoica was brought to Bucharest on Wednesday from the Transylvanian city of Cluj, where angry savers have been campaigning to have him brought to trial. "Stoica is accused of crimes listed in the financial law as inexact listing of bookkeeping documents, falsifying bankruptcy, forgery and fraud," a police statement said. Caritas collapsed last year after attracting an estimated $1bn in investments from up to 4m Romanians. *Reuter, Bucharest.*

Kuchma appoints advisers

Mr Leonid Kuchma, Ukraine's new president, yesterday rounded out his circle of advisers by naming a new foreign minister. Mr Gennadi Udovenko, whose appointment awaits parliamentary approval, was Ukraine's permanent representative to the UN while Ukraine was still part of the Soviet Union, and has been Ukraine's ambassador to Poland since 1991. This week Poland and Ukraine announced efforts to promote trade by improving transit links between Odessa on the Black Sea and Gdansk on the Baltic Sea. With parliament in recess, in the past two weeks Mr Kuchma has also appointed Mr Yuri Yahenrov to run Ukraine's faltering privatisation programme and Mr Serhei Osyka as minister of foreign economic relations. These appointments have been welcomed by Kiev's business community. *Matthew Kaminski, Kiev.*

Russia sends cholera taskforce

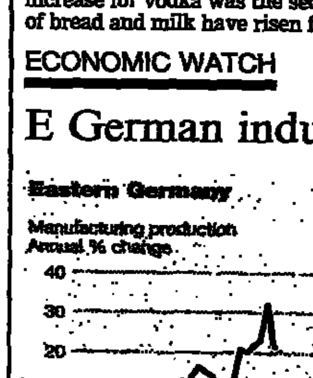
Russian interior ministry troops have been sent to the Dagestan region on the Caspian Sea to prevent a cholera epidemic from spreading, Itar-Tass news agency said yesterday. A spokesman called the measure "forced and temporary", saying the force was specially trained and equipped. At least 17 people have died from cholera, a further 686 are ill and 669 have been diagnosed as carrying the disease, which can kill in a few hours by severe dehydration from diarrhoea. A senior Moscow health official said on Wednesday that it would take until mid-October to eliminate the epidemic. *Reuter, Moscow*

Outcry over vodka price rise

The new leadership in Belarus raised vodka prices yesterday by 75 per cent and hard-pressed drinkers accused President Alexander Lukashenko of going back on election promises to make food and drink cheaper. The price of a 0.7 litre (11 oz) bottle leapt to 6,900 Belarussian roubles ($2.50). Mr Lukashenko won last month's presidential election by a landslide on pledges to root out corruption and roll back price increases for food and drink. But since taking office, he has appointed a reformist prime minister and resolved to introduce market measures quickly and to tackle alcoholism. Yesterday's price increase for vodka was the second since his election and prices of bread and milk have risen fivefold. *Reuter, Minsk*

ECONOMIC WATCH

E German industrial output up



Eastern Germany's industrial output rose by 15 per cent in June compared to the same period in 1993 and by 5.3 per cent compared to May, the federal economics ministry announced yesterday. It said seasonal factors had helped to boost overall output. However, output in individual sectors was mixed. Manufacturing recovered strongly, up 26 per cent year-on-year, and by 3.5 per cent between May and June. Construction, one of the most buoyant sectors, rose 14 per cent and 8 per cent over the same periods. Output in the electricity and gas sectors increased only by 3.4 per cent year-on-year and fell by 6.7 per cent between May and June. The mining sector, mostly brown coal, or lignite, fell by 13.6 per cent year-on-year, and rose 4.4 per cent in June compared to the previous month. *Judy Dempsey, Berlin.*

■ Consumer spending in the Netherlands rose 1.5 per cent in real terms in the second quarter from last year, the Dutch Central Bureau for Statistics said yesterday. That gain was sharply narrower than the 2.8 per cent real increase in the first quarter. *AP, The Hague.*

■ France's current account showed a seasonally adjusted surplus of FFr1.14bn (£130m) in May after a revised FFr2.75bn surplus in April, the economy ministry said.

■ French housing starts continued to show gains in the three months to July. Figures from the housing ministry showed work began on 73,200 homes in the three months from May to July compared with 71,700 in April-June. May-July housing starts were 23.0 per cent up on the same 1993 period.

NEWS: THE AMERICAS

Zedillo plans boost to pace of reform

By Stephen Fidler and Damian Fraser in Mexico City

Mr Ernesto Zedillo, the victorious candidate in Mexico's presidential election, has outlined plans to intensify political reform, saying he aims to change the ruling party and make the country's election machinery completely independent of the government.

Mr Zedillo said in an interview he intended to pursue dialogue with other parties in an attempt to create a common political platform to advance reform. "I would like to see in the first place a direct dialogue with all the parties and if possible, the candidates."

The election proposals of the three main parties coincided in important areas, he added. This should allow a common platform to be advanced in areas such as the economy, social policies, judicial reform and democracy.

The opposition parties have yet to respond to Mr Zedillo's call. Mr Cuauhtémoc Cárdenas of the leftist opposition insists the election was fraudulent, and observers dismiss the possibility of any common platform.

Mr Zedillo was "in total agreement" with proposals to make the Federal Electoral Institute, the Interior Ministry arm which runs Mexico's elections, fully independent of the government.

After an election campaign in which the ruling party outspent its rivals and received more TV coverage, Mr Zedillo said he was willing to discuss making election campaign conditions more equitable.

Asked if he would include members of the opposition in his cabinet, he said the Mexican constitution did not allow for coalition governments.

But "I would not discount including independents or people belonging to other political parties that could be of enormous utility or service in the next cabinet."

Sunday's voting had also given him a mandate to reform the ruling Institutional Revolutionary Party and give it more internal democracy. "I don't think it's an insoluble problem. In the next few months, we are going to be working at this.

"What I want before assuming the presidency is to leave some ideas for the reform of the party, some terms of reference over the direction of this reform."

Part of this might eventually involve the PRI chairman being chosen by a collective decision of the party, rather than by the president as at present.

Mr Zedillo said the margin of his victory (the final figures suggest he was 23 percentage points ahead of his nearest rival) would not deflect him from pursuing the reform.

He attributed his victory to three factors: the strength of the party, the favourable evaluation of President Salinas's government, and the ruling party's positive and intense campaign.

Venezuela acts over economy

By Joseph Mann in Caracas

Venezuela's cabinet this week approved an outline economic stabilisation plan designed to attack inflation and bolster government revenues. Approval of the final version is expected next week.

The move has been prompted by a deteriorating economic background. Venezuela's GDP contracted by 1 per cent last year and the recession has deepened this year.

Officials have not released details of the programme, but it is expected to include the following elements:

- Staggered increases in the retail price of petrol on the domestic market. High-octane petrol currently only costs about 13 US cents per US gallon at the pump in Venezuela, which loses PDVSA, the national oil company, millions of dollar a year and cuts potential income to the Treasury. The government hopes to offset the effects of higher prices by giving a special monthly bonus to workers.
- Commitment to reform the system of accumulated severance benefits for workers. The present system carries a high cost for public and private sector employers and discourages the creation of new jobs.
- A new type of government bond, denominated in dollars (or linked to the value of the dollar), which is meant to replace zero-coupon bonds issued weekly by the central bank to absorb excess liquidity in the financial system. The government believes that the zero-coupon bonds, denominated in Venezuelan bolivars, carry an excessively high cost.

Argentina drops blast accusations

Argentina's Supreme Court yesterday dropped accusations against Iranian officials who were named over an anti-Jewish bomb attack last month in which nearly 100 people died, Reuter reports from Buenos Aires.

The court decided there was insufficient evidence against the officials and voted to pass the case back to investigating Judge Juan José Galeano, members of the court said.

In his report on the bombing, Judge Galeano named four Iranian officials as wanted in connection with the July 18 attack that razed Argentina's main Jewish community centre.

Under Argentine law, the Supreme Court would take on the case if foreign diplomats or officials were suspected to be involved.

Dual assault exposes Fujimori flaws

There is a bleaker side to the 'economic miracle' in Peru, writes Sally Bowen

The bitter feud within Peru's first family continues to dominate the country's political centre-stage – with President Alberto Fujimori this week stripping his wife, Ms Susana Higuchi, of first lady status after she persisted in allegations of corruption against cabinet ministers. Behind the scenes, however, the agenda for next April's general elections is starting to take shape.

Since his arrival in the Peruvian capital a week ago, Mr Javier Pérez de Cuéllar, former UN secretary-general, has been closeted in meetings with a series of prestigious economic analysts. Mr Pérez de Cuéllar has not yet formally announced he will run against Mr Fujimori – who has also still to declare an official candidacy – but his public addresses hint more strongly each day at the substance of his eventual campaign.

The suggestion that an elderly former diplomat might pose a serious threat to the buoyant Mr Fujimori provokes incredulity among many businessmen, both Peruvian and among the increasing numbers of foreigners who are flocking back to Peru to seize investment opportunities. "Fujimori is the best president this country's ever had," said one leading Peruvian manufacturer. "We couldn't be so incredibly stupid as to reject him."

Indeed, most macroeconomic indicators suggest things are coming right for long-beleaguered Peru. Inflation this year should be below 20 per cent, down from a staggering 7,000 per cent when Mr Fujimori took office in 1990. After expanding 7 per cent last year, GDP growth could top 10 per cent in 1994. International reserves, at more than $5bn (£3.2bn), are the highest in Peru's history.

Man in the middle: Alberto Fujimori (centre) is coming under increasing pressure from his wife Susana Higuchi and Javier Pérez de Cuéllar, the former UN secretary-general

Equally important, after more than a decade of terror and killing, guerrilla activity has virtually ceased. Mining and petroleum exploration and development has been resumed in many remoter areas of the country while dozens of foreign concerns are either returning or setting up Peruvian offices for the first time.

But there is a bleaker side to the Peruvian "economic miracle", which both Ms Higuchi and Mr Pérez de Cuéllar have pinpointed. Only one in 10 Peruvians of working age is judged "adequately" employed; another eight survive through subsistence agriculture or a host of "informal" activities outside the legal economy.

Reform of the bloated state apparatus has pushed tens of thousands of former civil servants and state company employees on to the street, literally. They have swollen the army of informal vendors eking out a living in the centre of Lima.

For the 300,000 or so young people who join the national workforce each year, the task of finding secure employment is all but hopeless.

Attending to the nation's poor has not, so far, been a priority for the government. In the early days of the Fujimori administration, as food subsidies and price controls were eliminated, the need to re-establish a working relationship with the multilateral organisations was more urgent. Repayments to the International Monetary Fund and World Bank cost the Treasury in a month what the social emergency programme doled out in a year.

More recent efforts to create a "compensation" programme similar to that designed for post-stabilisation Bolivia have been only partially successful. The Foncodes fund has for the past two years been channelling cash to community projects, focusing on small building projects, drinking water and sewerage systems.

Now, in this pre-election year, the government finds itself swimming in cash from privatisations. The IMF has authorised spending of up to $876m on "social" programmes. But Foncodes does not have the organisational capacity to spend more than about $120m. Other hastily hatched plans to funnel more money into health posts and schools may succeed in spending about the same amount again.

Multilateral organisations such as the World Bank and the Inter-American Development Bank which have resumed lending to Peru are pouring money into upgrading infrastructure. Several hundred million dollars will, by 1995, have been pumped into road and bridge repairs; poverty alleviation is limited to, at best, inadequate food handouts and short-term palliatives.

Ms Higuchi has emerged in recent weeks as one of Mr Fujimori's harshest critics amid the couple's highly public falling out, fuelling rumours that she harbours political ambitions herself. She has made a series of attacks on her husband's regime, accusing him of personal authoritarianism and neglect of the "human factor" in the economic programme.

"There is too much emphasis on infrastructure," Ms Higuchi said. "The head of a household can't promise a fine mansion but keep his family starving whilst it is being built."

Those close to Mr Pérez de Cuéllar say his eventual campaign platform will echo this theme and propose reorienting Peru's economic programme to farther-reaching solutions to unemployment and poverty. This would imply tougher negotiations with the IMF, World Bank and IADB and, possibly, a halt to the breakneck privatisation of state assets.

"So far no one's taken a long hard look at where Peru is going," says Mr Francisco Sagasti, a former senior World Bank official now heading a Lima research institute. "Pulling the neo-liberal economic model back to the centre from the extremes where it's been for the past four years and renegotiating with the multilaterals would make a lot of sense."

Higher rates continue to hit US home sales

Sales of existing homes in the US fell by 0.3 per cent in July from June, the third consecutive monthly decrease, as demand for housing continued to be squeezed by rising interest rates, the National Association of Realtors announced yesterday, writes James Harding in Washington.

The drop in sales to a seasonally adjusted annual rate of 3.95m units follows a 3.6 per cent decrease in June and a 0.3 per cent fall in May.

Sales of previously owned homes have fallen in five of the seven months since January as demand has been hurt by rising interest rates on mortgages, triggered by rate increases from the Federal Reserve which has been tightening credit to hold down inflation.

Although the resales rate was down in July from June, it was up 2.6 per cent on the same period a year earlier. Mr Robert Elrod, president of the National Association of Realtors, said he was encouraged that existing home sales were higher than last year even though mortgage rates had risen. "Apparently consumers realise that purchasing a home is still a sound investment," he said.

At the current rate, existing home sales this year would be the second highest on record, despite fluctuations in mortgage rates, he added.

The Federal Home Loan Mortgage Corporation reported the average commitment rate for 30-year fixed-rate mortgages was 8.62 per cent in July, up from 8.43 per cent in June.

The national median price for an existing single-family home was $111,500 (£71,935) in July, down 1.2 per cent from the June figure of $112,800.

NEWS: INTERNATIONAL

Japanese capital spending continues to fall

By Gordon Cramb in Tokyo

Domestic capital spending by Japanese companies remains on a downward trend and may not recover even by the year which ends in March 1996, according to an annual survey released yesterday by the Long-Term Credit Bank of Japan.

Across all industries, planned outlays on plant and equipment were down 2.1 per cent for the year to March while initial expectations for the following year indicated a further 1.7 per cent cut.

That would make a fourth consecutive year of decrease, although LTCB said it saw "a strong possibility that plans will be revised upward" next year, with "some faint but positive signs" of recovery already beginning to emerge. However, there was little chance that any extra funds committed would be substantial, it added.

The poll of 1,869 companies, largely its own customers, produced a gloomier outlook than a similar survey unveiled last week by Nippon Credit Bank, another big lender to industry. NCB's data projected a dip of 1.1 per cent this year and 0.9 per cent next.

Manufacturers polled by LTCB said they intended to cut outlays by an average 3.3 per cent this year but by a sharper 8.2 per cent in the 1995 fiscal year. This largely reflected the contraction of old industries such as steelmaking and pulp and paper.

Both banks identified a revival in expenditure by the automotive and electric machinery sectors, but in each case commitments showed signs of tapering off after this year. Electronics producers are benefiting from strong world demand for semiconductors and liquid crystal displays, while car makers began their capital investment cuts earlier than most.

In the service sector, excluding electric power and leasing companies, the LTCB showed cuts in investment of 8.2 per cent this year moderating to 6 per cent in the following term.

Overall, the bank said that "unlike last year, which was marked by consistent reductions, investment has clearly begun to recover in some industries and stopped declining in others". It also said the yen value of domestic investment plans had been held down by cheaper raw materials and land.

Reflecting wary consumer sentiment, meanwhile, nationwide department store data for July yesterday showed a 1.8 per cent year-on-year decline, the 29th successive monthly fall. But the Japan Department Stores Association said less lavish corporate gift purchases were partly to blame. Clothing sales, up 0.7 per cent, showed their first rise in two years.

China's golden era 'to last well into next century'

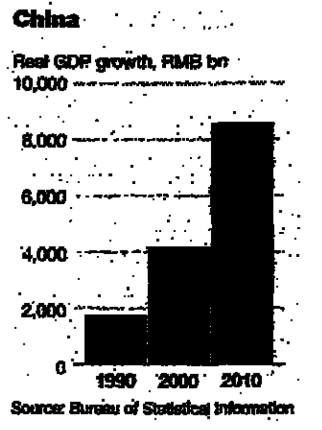
But while industrial progress is rapid, the way ahead is fraught with problems, Tony Walker reports

Prof Li Jingwen's splendid vision of China for the next two decades is for a "golden era of industrial revolution" which began 15 years ago and is likely to last well into the next century.

But the 50,000-character study, prepared by China's prestigious Academy of Social Sciences under Prof Li's direction, makes it clear that, while the country is industrialising rapidly, the path ahead is also fraught with difficulties.

China's main problem in achieving an enormously complex transition to a modern industrialised state is managing its vast, unwieldy population which is literally "on the move".

A huge displacement of surplus rural labour poses perhaps the greatest threat to public order. Beijing is also under enormous pressure to find jobs for a sea of unemployed peasants and urban youth.



Source: Bureau of Statistical Information

"At present China has more than 100m surplus farm labourers, and every year another 15m are added," said Prof Li. If China was to absorb its unemployed there was no choice but to maintain high rates of growth.

Prof Li, who is director of the Institute of Qualitative and Technical Economics, said his team had focused not so much on statistics in its study, but on discerning trends in society in the next two decades. Among the academy's conclusions are:

- China would remain a developing a country, but an increasing number of Chinese would become middle-income earners like their counterparts in South Korea and Taiwan;
- Chinese savings rates at a forecast 34 per cent would remain high to the year 2010;
- Expenditure on "non-food" items such as consumer durables would continue to grow, relative to spending on staple commodities;
- A wave of small towns and county centres would be established in the Chinese countryside by the end of this century;
- China would be obliged to grapple with increasing problems of an "ageing" population from the year 2000;
- The trend towards smaller families would continue and divorce rates would rise;
- China's rapid economic development, averaging 8.25 per cent annually to 2010, would be fuelled by continuing high rates of consumption and investment;
- Heavy industry, including petrochemicals, would grow faster than light industry and after that, service industries, including finance, would show the swiftest growth;
- Foreign investment would continue to pour into China, with a trend towards larger projects involving "multinationals", as the benefits of the country's huge domestic market became more apparent;
- China's exports would reach $435.7bn (£290bn) in 2010, a quadrupling of the figure expected this year.

In urging strong measures to ensure orderly and sustained economic growth, the study

> 'China has 100m surplus farm labourers, and each year 15m more are added'

called for a strengthening of reforms of the taxation system to increase revenues; an increase in interest rates to redirect funds to more productive sectors; further rationalisation of faltering state-owned enterprises, and measures to prevent the outflow of capital.

The study, pointedly, devotes a chapter to environmental pressures, which are looming as perhaps the most worrying consequence of China's continuing "double digit" economic growth of 13 per cent in the past two years.

Prof Li said China was "backward" in protecting its environment and huge investment was required. "Although the central government is doing a great deal to improve environmental consciousness, it has met a lot of resistance at the grass roots."

The study forecast that for a "relatively long period" the gap between coastal and inland regions would "grow larger". But it also predicted that six distinct economic regions would emerge in China. These were:

- ☐ A south China economic sphere, with Guangzhou at its centre, and linked with Hong Kong, Taiwan and Macao;
- ☐ A Yangtze economic sphere focused on Shanghai;
- ☐ A Bohai rim centred on Beijing and Tianjin;
- ☐ A north-east sphere based on Harbin;
- ☐ North-west China bordering Central Asia;
- ☐ A south-west region with Kunming at it focus and linked with south-east Asia.

Prof Li said the academy was particularly concerned about the widening gap between rich and poor.

"We have urged the government to take drastic measures to resist this trend which is threatening to destroy the stability of society," he added.

1991-2010: Policy Choices of China's Economic Development - Chinese Academy of Social Sciences 1994

Israel's two chief rabbis, Ashkenazi Rabbi Yisrael Lau (right) and Sephardic Rabbi Eliahu Bakshi-Doron (left) surrounded by Israeli army and border police officers as they tour the grounds of the Tomb of the Patriarchs in Hebron yesterday, six months to the day after the massacre of 30 Palestinians by an American-born Jewish settler, Baruch Goldstein. The incident touched off months of bloodshed and disrupted the Middle East peace process. The tomb, holy to both Jews and Moslems, has been closed since the massacre. Both are demanding the site be re-opened. Hebron is one of the most tense spots in the Israeli-controlled West Bank, as home to about 80,000 Palestinians as well as a Jewish enclave of 450. Picture: Reuter

Hyundai workers agree to end 63-day strike

By John Burton in Seoul

Workers at Hyundai Heavy Industries, South Korea's largest shipbuilder, yesterday agreed to end a 63-day strike that could prove to be a watershed in the country's labour history.

Analysts believe the conclusion of the strike may also signal the end of the widespread labour militancy that has plagued South Korea since the trade union movement was freed from state restrictions in 1987.

The industrial action at Hyundai was virtually the only long strike to affect Korean business this year, in sharp contrast to the nationwide labour unrest that embroiled the country just a few years ago.

Sizeable wage rises and dwindling public support have been the main factors for the recent improvement in labour relations. Other trade unions once known for their militancy, such as that at Daewoo Shipbuilding, have quickly concluded pay agreements this year.

The strike at HHI confirmed the reputation of its workers for being the country's most aggressive, an attitude bred by the company's past authoritarian management practices.

But the strike exposed the dwindling influence of its union leadership. The HHI union was previously able to trigger sympathy strikes at other Hyundai companies, but failed this year to gain such support.

Moreover, the final days of the strike revealed a split in the HHI union, with some workers rebelling against the leadership's hard-line stance. This led to violent clashes between the rival factions.

In its final settlement with the company, the union made a significant concession and agreed to accept the principle of no pay for no work. This is considered an important victory for the government, which has promoted the policy to curb strikes.

But the HHI workers will receive an 11.3 per cent rise in monthly pay and generous bonuses that will mostly cover wages lost during the strike.

The company also agreed to drop criminal charges against 49 activists who had led an occupation of the shipyard after executives ordered a lock-out earlier this month.

The company hoped the wage settlement will set a precedent for smoother labour relations. The strike is considered the most costly in HHI's history, with lost sales of Won473bn (£380m). HHI had set a sales target of Won4,000bn for this year.

Labour unrest has occurred almost annually since 1987, with severe strikes in 1989 and 1993, when sales losses amounted to Won300bn.

Philippines court lifts freeze on VAT plan

By Jose Galang in Manila

The Philippines Supreme Court yesterday ruled that a government-initiated law expanding the scope of the value-added tax system was constitutional, lifting a freeze it had ordered on its implementation nearly two months ago.

It was a significant victory for the government of President Fidel Ramos, which considers the law the "linchpin in the major tax reform programme" it has been pursuing.

The ruling also removed the remaining obstacle to the government's medium-term economic programme that recently gained International Monetary Fund support with a three-year credit worth $684m (£456m).

The issue has been the most divisive in the Philippines in recent years, fuelled mainly by suspicions that the new tax scheme would lead to huge increases in consumer prices.

VAT was originally introduced in 1988, but only a few sectors were covered. The system replaced 61 varying taxes with a 10 per cent charge on the sale of certain goods and services.

In the expanded VAT, 73 taxes are to be replaced by the single 10 per cent rate on services including telecommunications, road freight and other transport, lease and sale of real estate, hotels and motels, books, newspapers and broadcasting.

The law also allows VAT to be extended to banks and professional services within the next two years.

Mr Roberto de Ocampo, finance secretary, had explained that the expanded VAT system was aimed at "injecting honesty" into the local tax system, often characterised by evasion.

The Philippines' tax collection effort, about 15-16 per cent of gross national product, remains the lowest in south-east Asia.

The go-ahead for the VAT expansion should give the government better chances of collecting target revenues this year of 325.6bn pesos (£8bn), on which it pins its hopes for a 4.5 per cent overall economic growth.

The contested law was originally scheduled to be implemented last July, but several groups, including opposition legislators, challenged its legality before the Supreme Court.

They claimed that much of the expanded VAT law in its final form originated, not in the House of Representatives which, under the Philippines constitution should initiate revenue regulations, but in a bicameral conference committee.

In handing down its verdict, the Supreme Court said a revenue measure was "not the exclusive prerogative" of the House to draft, but that the Senate could draft its own bill amending or even substituting for the House version.

The ruling was based on a 9-6 vote among the Supreme Court justices, indicating the intense debates that went into it. Since July 1, the justices have been meeting twice a week to deliberate on the case.

India eases capital inflows

India's central bank has lifted a ban on the repatriation of profits from the local bond markets and encouraged investment in property companies in twin moves designed to attract greater capital from Indians living abroad, Reuter reports from Bombay.

The measures were included in a circular to banks following last Friday's move to make the rupee fully convertible on current account transactions.

The Reserve Bank of India said it would let non-resident Indian companies acquire up to a 100 per cent of companies involved in housing, real estate, urban infrastructure, such as roads and bridges, building materials and financing of housing development.

Australian investment recovers

By Nikki Tait in Sydney

A recovery in Australian business investment finally got under way in the second quarter of 1994, with new capital expenditure for the three-month period showing a rise of 7.7 per cent in constant price terms.

This was higher than most analysts had predicted (most forecasts were around the 5 per cent mark) and follows a fall of more than 5 per cent in the first quarter. Spending on plant and equipment rose 14.4 per cent in real terms, while spending on buildings was down 5.4 per cent.

The better-than-expected figures have come as a big relief to the federal government.

Taiwan to sell off bank

State-owned Farmers Bank of China has been added to a list of Taiwan government-run companies designated for privatisation, Laura Tyson writes from Taipei.

In a stock exchange listing set for November, the government will cut its stake in the bank to 61.5 per cent from 92.3 per cent through an offering of 250m shares, a bank spokesman said.

Taiwan first announced a privatisation scheme in 1989 in which 22 state-run companies would be sold off to raise $20bn (£13bn) for central government coffers. But progress was set back by bureaucratic resistance, workers' protests and a volatile stock market.

Just three state companies have been privatised to date – Chung Kuo Insurance, BES Engineering and China Petrochemical Development.

Taiwan groups back Subic business zone

By Nancy Dunne in Washington

Mr Richard Gordon, chairman of the Subic Bay Metropolitan Authority, said yesterday he had commitments from 135 Taiwanese companies to move into an industrial zone which bills itself as the largest military base conversion project in the world.

A $24m (£16m) loan from Taiwan is financing the development of a 660-acre industrial estate on which the companies will be located.

Eighty-five companies, about half of them foreign, have already set up businesses in Subic since the departure of the US military in 1992.

Five US companies, including AT&T, Reebok and Federal Express, are the largest investors in Subic, which is being developed as a significant Asian trans-shipment freight hub.

Mr Gordon was in Washington for final discussions about a World Bank loan totalling $40m for upgrading the Subic airport. Work is to begin next month and will be completed in March, so that runways can take six cargo shipments a day.

The US company Westinghouse has won a $6.2m contract to supply a surveillance radar system so the airport can operate 24 hours a day.

The authority has been able to move its conversion plans quickly, because of the efforts of 8,000 volunteers who protected the infrastructure and facilities left behind by the US from theft and damage.

They worked for months without pay; their efforts have paid off in the creation of 11,000 jobs thus far. "The volunteers slew the myth that the Filipino is dishonest," Mr Gordon said. "There were $8bn in facilities left by the Americans. Today, they are all intact."

President Ramos had set an example of unity by asking Mr Gordon, a former mayor, to stay on in his job, although he was from a different party. "Thus, our people discovered a sense of community."

Nigeria oil depot in full operation

By Paul Adams in Lagos

Anglo-Dutch Shell, which operates about half of Nigeria's oil fields, has restored the Forcados export terminal to full loading today, five days after the power was disabled by striking oil workers.

Shell, which normally produces about 1m barrels a day of oil, has lost on average half its production during the past three weeks of the six-week strike by the two labour unions, Nupeng and Pengassan, which are demanding an end to military rule.

Industry estimates show crude oil exports down by about 20 per cent. Overall losses by the other producers are put at about 15 per cent.

Despite pressure from the government, no significant return to work by oil workers has occurred. Last week the government sacked the leaders of the two unions, legalising its action this week. The decree bans national and state union leaders, although Nupeng and Pengassan do not have state leadership but chapters for each oil company.

The chapters' leaders still exist and the oil producers are talking to them. The coming week will be a test of the unions' leaders, who have gone underground, and of the resolve of the ordinary membership to sustain a strike with no end in sight.

The strikers want Mr Moshood Abiola, presumed winner of last year's presidential election, freed from jail and installed in government. Mr Abiola is on trial for alleged treason after declaring himself president. The next hearing is due on Monday, before a new judge in the high court.

BJP politician shot dead in Bombay

By Stefan Wagstyl in New Delhi and R C Murthy in Bombay

Bombay police yesterday increased security for the city's politicians, following the shooting of Mr Ramdas Nayak, local president of the right-wing Hindu Bharatiya Janata party and a strong critic of political corruption.

Mr Nayak, who was 53, was shot yesterday morning by two men on motorcycles armed with automatic rifles who pumped 54 bullets into his car near his home in central Bombay. Mr Nayak's police bodyguard was also killed.

Police believe Mr Nayak may have been killed by enemies in the criminal underworld. His death follows a string of incidents in the past 18 months which have highlighted connections between politicians and criminals in Bombay.

First, the investigation into the terrorist bombings last March in which more than 250 people died, revealed ties between some of the suspects and city politicians. Next, in May this year, Mr Suneet Khatau, a wealthy textile mill-owner with political influence, was shot in his Mercedes car, allegedly because of a property dispute.

In July, Mr G R Khairnar, a senior civil servant at Bombay Municipal Corporation, was suspended after he accused city politicians of corruption. Mr Khairnar's suspension caused widespread public protests and boosted a popular anti-corruption campaign.

This week, Mr Sharad Pawar, chief minister of Maharashtra state, which has its capital in Bombay, and a former defence minister, was alleged in court to have ties with the criminal underworld.

Mr Ulhas Joshi, a police deputy inspector-general, claimed in a sworn affidavit that Mr Pawar had links with two named associates of Mr Dawood Ibrahim, an underworld boss wanted for questioning by police investigating last year's bomb blasts.

Mr Joshi is in court fighting an anti-corruption investigation against him which he alleges was launched unfairly at the behest of Mr Pawar.

Mr Pawar yesterday dismissed Mr Joshi's claims as untrue.

Mr Nayak's killing was condemned by Mr L K Advani, the BJP's national president.

Go-ahead for controversial link to Stockholm's main airport

Swedish-UK groups win rail contract

By Christopher Brown-Humes in Stockholm

One of Sweden's biggest infrastructure projects was launched yesterday when a SKr4.5bn ($584m) contract to build a controversial rail link between Stockholm and the city's main Arlanda airport was awarded to a Swedish-British consortium.

GEC Alsthom and Mowlem from the UK will be responsible for delivery of trains, tracks and switches for the 20km link, while the Swedish companies NCC, Siab and Kraftbyggarna will carry out the construction. Work will begin next year and is expected to take four years.

The contract has been opposed by the opposition Social Democrats, the likely winners of next month's general election, who have said they will try to get out of it. The party wants a greater state involvement in the project.

Most of the financing will be private, although there will also be a government grant and loan. The consortium partners are expected to put about SKr700m of equity into the project and raise about SKr2bn in the capital markets. Although the government will provide a SKr850m grant and a conditional loan of up to SKr1bn, it will not guarantee the private-sector financing.

The consortium says 4m passengers a year need to use the link by the year 2000 for it to break even. But the viability has been openly questioned, given the extent of competition from bus and taxi services and good road links.

Mr Mats Odell, Sweden's communications minister, said the project would have significant environmental benefits, with much road traffic switching to rail. If the state-owned Swedish railtrack and rail companies, Banverket and SJ, had won the contract it would have cost taxpayers SKr3bn more, he added.

GEC Alsthom was involved with Mowlem in the Manchester Metrolink – the UK's first privately financed rail project – and it was responsible for the turnkey delivery of London's Dockland Light Railway. NCC is Sweden's largest construction company in civil engineering.

The project will involve the construction of 20km of double-tracked railway for high-speed trains, three underground train terminals at Arlanda, and modifications to the central rail station in Stockholm. The consortium – which beat a rival bid from Asea Brown Boveri, Skanska and SJ – has a 45-year mandate to operate the shuttle, although all fixed assets will be handed over to the government in 1998.

Fresh bout of pipeline politics fuels scepticism

Robert Corzine and John Murray Brown on a $7bn gas shipment deal

The signing in Tehran earlier this week of a $7bn deal to ship natural gas from Turkmenistan to Europe via Iran and Turkey is the latest example of the "pipeline politics" being played out in the region.

Tehran radio reported on Wednesday that President Ali Akbar Hashemi Rafsanjani of Iran and President Saparmurat Niyazov of Turkmenistan dug a symbolic hole for the proposed 4,000km pipeline at a site south of the Iranian capital.

The plan calls for a gas pipeline with an initial annual capacity of 15bn cubic metres to enter Iran east of the Caspian Sea, pass through the cities of Shahrud and Semnan and bend south of Tehran towards Tabriz and the Turkish border.

"This is one of the biggest energy transfer projects in the world," according to Mr Gholamreza Aqazadeh, the Iranian oil minister.

It would take six to eight years to build, with the Iranian section alone costing $3.5bn. Tehran Radio quoted Mr Aqazadeh as saying that half of that sum would be provided by Iran. Western analysts say the presence at the ceremony of officials from Russia, Turkey and Kazakhstan lent a degree of credibility to the proposal, one of many which have been put forward in recent months to link western markets with the large energy reserves of central Asia.

But many remain sceptical that two countries with such serious economic problems will be able to arrange the international finance that would be needed for such a massive project.

They also note that Turkey, Russia and Iran are all jockeying for political and economic influence in central Asia, and that all have advanced competing pipeline proposals.

"It seems more real now than a year ago," said Mr Laurent Ruseckas, an analyst at the Boston-based Cambridge Energy Research Associates. But he noted that this week's ceremony was long on symbolism and short on details of any cash commitments.

"The meeting benefited everyone politically without costing them anything," he added.

The Russians have a stranglehold over oil and gas export routes from the former Soviet Union, a position they do not want to lose. But nor do they want to take the blame for blocking the construction of alternative routes from now independent former Soviet republics, according to Mr Ruseckas.

Turkey, which currently buys gas from Russia, has in the past favoured a pipeline linking it to Turkmenistan via Azerbaijan. President Niyazov signed a deal with Turkey and a consortium led by Enron, the US engineering group, to consider the best route for a pipeline. But the deal, signed in November 1992 during a summit of Turkic states in Ankara, has come to nothing.

The accord envisaged a feasibility study of six possible routes, including proposals to take the gas under the Caspian Sea from Turkmenistan's Sovyetabad fields to Azerbaijan. The main alternative was through Iran to Turkey, where it would link with Turkey's own gas network to Europe.

The consortium included the local Gama group and Botas, Turkey's state pipeline company. However, the deal, along with much of the enthusiasm felt by the Turks towards business opportunities in central Asia, has since evaporated. One of the consortium partners said yesterday the negotiations with the Turkmens had long since been called off.

The geography of the route agreed this week is such that it "does make sense in a perfect world," said Mr Ruseckas.

Finding an alternative to its present export arrangement is a priority for Turkmenistan, which last year accounted for about 3 per cent of the total world gas production. Under the old Soviet system the country's gas went mainly to Ukraine, Georgia and Azerbaijan, which since the break-up of the Soviet Union have made only irregular payments. Debts owed to Turkmenistan are thought to be about $1.4bn.

Gazprom, the Russian gas monopoly and large-scale exporter to western Europe, makes an annual hard currency payment to Turkmenistan for gas which enters the general Gazprom system.

But Russia's desire to expand greatly its own exports to western Europe means that it is unlikely to accept bigger volumes from Turkmenistan that could undercut its own export potential.

Tehran Radio said a number of meetings were due to be held over the next few months to deal in detail with difficult issues such as pipeline tariffs. But it may be some years before another hole is dug.

US business undeterred by Mexican unrest

Rebellion and kidnapping south of border have failed to dispel optimism over Nafta, writes Nancy Dunne

Rebellion, assassination and kidnapping south of the border have failed to depress the optimism among US businesses engendered by the North American Free Trade Agreement.

A survey in May by KPMG Peat Marwick, the US business advisory company, found that while 97 per cent of senior corporate executives interviewed were aware of political unrest in Mexico, 87 per cent said it would not influence their companies' plans to conduct business there. More than a quarter said they had set up, or planned to pursue, a joint venture or strategic alliance with a Mexican company.

US Commerce Department officials are also unperturbed by the turbulence. The energetic trade team working under Mr Ron Brown, commerce secretary, views the integration of the North American economy under Nafta as both unstoppable and a step towards economic integration of the hemisphere.

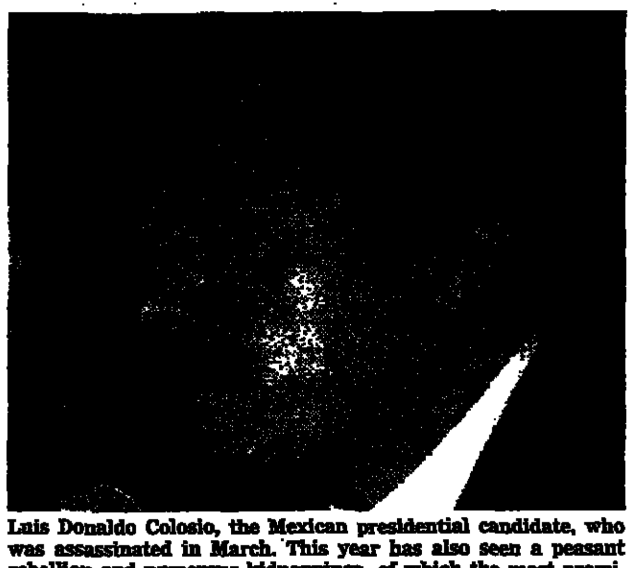
"There's no walking out on Nafta," says Mr Jeffrey Garten, undersecretary for international trade and the leading voice on the commerce trade team. "This has to work. The implications of failure are dire for US trade policy in general and the implications of a clear success are extremely positive."

The growth in foreign direct investment, which doubled in the last decade among the Nafta countries, has been slower than expected. But US officials see the run-up to the Mexican election as "a pause", with the pace now expected to accelerate.

The US trade surplus with Mexico, which narrowed last year, has begun to make a comeback. In the first six months of the year US exports shot up by 17 per cent to $24.5bn and government economists believe the Mexican recovery will lift the trade surplus to at least $2.1bn in 1994, up from $1.6bn last year.

"Some firms are responding through increased production and new investments in their home markets while, for others, inter-firm agreements and strategic alliances at the transnational level will generate a new regional dynamism," Mr Garten said.

Despite Mexico's economic and social woes, restructuring and expansion continue:



Luis Donaldo Colosio, the Mexican presidential candidate, who was assassinated in March. This year has also seen a peasant rebellion and numerous kidnappings, of which the most prominent victim was Mr Alfredo Harp Helu

- Motorola and Mexico's Protexa are creating a $6bn telecommunications company to serve long-distance and cellular customers in Mexico.
- John Labatt, Canada's second largest beer company, and Femsa Cerveza, Mexico's largest brewer, are merging their US units and marketing each other's brands. John Labatt will acquire a 22 per cent stake in its partner and a three-year option to buy another 8 per cent.
- GTE of the US added Telmex, Mexico's telephone monopoly, to an already existing partnership with Skytel Communications of Canada. The move will expand GTE's air-to-ground telephone network to serve air passengers calling business centres throughout North America.
- Pilgrim's Pride, the fifth largest chicken producer in the US and second largest in Mexico, has announced a 40 per cent expansion of its Mexico operations.

Along with corporate changes there has been a continental restructuring of transport flows. Mr Garten sees the emergence of north-south trade corridors developing among all three Nafta countries. Trade flows in the developing eastern corridor are expected to increase at an annual rate of 5-7 per cent to 1997. Western traffic is expected to rise by 16-24 per cent over the next 10 years.

To liberalise trade further, the Nafta partners have established about 25 working groups charged with addressing problems left over from negotiations. One group is identifying products for accelerated tariff reduction while another is handling the issue of mutual recognition of professional licences. The Nafta partners would then move on to harmonisation of legal systems and policies on regulation, competition, taxes and exchange rates.

As far as labour is concerned, US unions, which conducted a full-scale battle against Nafta, are no more enamoured with the pact than before. According to the AFL-CIO, the umbrella organisation for US labour unions, 180 US companies have already made applications to states for assistance on Nafta-related job losses. About 135 have been adjudicated and 62 companies with 5,200 workers have been accepted as casualties of Nafta and thus eligible for governmental assistance such as job retraining.

Meanwhile, the National Administrative Office (NAO) in the US Labour Department has been set up to receive complaints by US unions about US companies mistreating their Mexican workers. Three complaints have been lodged – against General Electric, Honeywell and Sony.

However, Mr Greg Woodhead, chief economist on the AFL-CIO's trade task force, said the NAO was understaffed and underfunded. A permanent director was only recently appointed and seven months elapsed before the NAO announced public hearings on the complaints it has received.

It is still unclear whether the administration is prepared to challenge businesses which mistreat their Mexican workers, but a strong labour movement would be more likely than a dozen bands of Zapatista rebels to turn US companies off Mexico as a land of investment opportunity.

INDIAN COMPANIES

After a brief lull, the market is booming for domestic public offerings and dozens of Indian companies are making a beeline to make issues of global depository receipts. Among the issues likely to hit the market is Larsen & Toubro, an engineering giant with a solid stream of revenues, BPL, probably India's best consumer-electronics manufacturing company and Bajaj Auto, one of the world's top scooter manufacturers. Several other good issues are in the pipeline. Such resource-raising should get a boost with massive privatisation later this year. The current boom is being fuelled by a gradual but consistent rise in the prices in the Indian stocks. This is fetching handsome gains for the foreign investors who entered the Indian market when the 30-scrip sensitive index of the Bombay Stock Exchange was half the current level of around 4500.

This should give a boost to issues of global depository receipts by Indian companies which after a great going last year, turned sour when too many issues hit the market early this year. The government has since then rationed the entry of issues. The move was designed to create a demand for the euro issue of Videsh Sanchar Nigam Ltd, though it was aborted in May. Since then several companies have raised money from Euro issues taking the total tally to over 39 companies fetching $ 3.9 bn.

The crop of companies intending to make GDR issues in the coming months is much better than what the foreigners have witnessed last year when there were no restrictions on companies coming out with euro issues. "The GDR market is picking up again" says Deepak Parekh of Housing Development Finance Corporation.

Foreigners have put money into India on the basis of the government's policy of economic reforms that scrapped industrial licensing, reformed trade and liberalised the financial sector. Last year, though, it seemed that the government was slackening on macroeconomic fundamentals, inflation and budget deficit which were going up. But it now appears that India is on the threshold of a major boom in industrial production and 1994-95 is going be a growth year. "Production in basic industries like steel, cement, oil etc. are growing at a fast pace" says S H Khan chairman of Industrial Development Bank of India, India's biggest project-finance institution, while tax revenues are up by as much as 20% over the previous year. India has already been marked out as one of the best-performing emerging markets over the past five years (see Table). This year, thanks to the high-growth scenario some are painting, India is poised to out do its own past. Narayanan Vaghul, chairman of Industrial Credit and Investment Corporation of India says he is surprised by the high level of investment in manufacturing that is currently taking place.

Beginning 1991, India has been consistently marked out as one of the most exciting investment destinations. The stockmarket has already offered handsome returns to foreign investors who have entered the market when India opened it in 1992. By all accounts this boom will be sustained over the next three years as macroeconomic benefits flow in.

In rupee terms, the average daily turnover of the Bombay Stock Exchange, India's biggest and oldest exchange, has increased seven-fold between 1986-92. Prices have been going up steadily over the past five years and the daily turnover is now around $ 74 million against the normal level of $ 30 - $ 50 million. Trading volume is likely to increase, intensified by inflow of funds from various sources, though the actively traded stocks number just a few hundred among over 7,000 listed stocks.

Till recently, the only investment institutions in India were the mutual funds floated by government-owned banks and insurance companies, and Unit Trust of India. Regulations framed by Securities and Exchange Board of India (SEBI) governing all mutual funds and permitting private mutual funds came into effect in early 1992.

Though direct portfolio investment is now allowed, country funds are suddenly popular too. Since July-August last year Credit Lyonnais placed $ 100 million India Opportunities Fund to be managed by Martin Currie. This was followed by Bombay Fund of BZW; INDICO, placed by SG Warburg and India Liberalisation Fund of Alliance Capital. In March two funds of $ 500 m each by Morgan Stanley and Oppenheimer were placed.

Indian GDR Issues

	Issue Size $ million	Issue Price US$	Premium/Discount
Reliance	150	16.35	63.61
Grasim	90	12.98	96.46
Hindalco	72	16.10	120.50
SPIC	75	11.15	35.70
ITC	68.90	15.30	83.01
Bombay Dye.	50	9.20	63.04
M&M	75	7.44	61.29
Sterlite	100	17.88	13.26
Guj, Amb, Cem.	80	11.90	80.67
Arvind Mills	125	9.78	-30.98
Indo GulfFert.	100	4.51	-6.87
Ind. Rayon	125	22.51	-0.04
Videocon	87	8.10	12.72
GE Shipping	100	15.94	-18.44
Indal	60	10.15	26.90
Jain Irrig	30	11.12	-5.58
Reliance	300	24.10	11.00
Tata Power	75	710.00	-21.83
United Phospr.	55	41.00	-15.85
Wockhardt	75	28.69	-31.16
Garden Silk	50	26.28	-39.12
CESC	125	53.34	-3.92
Grasim	100	20.50	24.39
DCW	25	13.55	23.62
Tube Invst.	45	8.76	1.60
Core Parent	70	12.60	2.38
Dr Reddy	48	11.16	17.38
EID parry	40	8.39	7.27
Finolex Cab	100	16.60	14.46
Hindalco	100	24.00	47.92
Ranbaxy	100	19.37	8.42
Telco	100	14.00	4.50
Sanghi Poli	50	9.56	4.60
SI Viscose	45	19.10	9.93
JCT Ltd.	45	16.96	6.13

Some Euro Issues Just Permitted

Companies	Issue Size ($ mn)
Essar Shipping	172
Videocon Appliances	150
Mardia Chemicals	125
Raymond Woollen Mills	100
Mahavir Spinning Mills	100
McLeod Russel	100
Warren Tea	60
Rajasthan Spinning	50
Usha Martin Ind.	30
Kajaria Ceramics	30

EMERGING	MARKET MARKET CAP ($ bn. 31.5.94)	ANN. GROWTH (%) (1988-92)
Mexico	110	37.8
South Korea	99	1.5
India	43	45.7
Brazil	60	35.5
Argentina	29	47.1
Taiwan	114	-3.4

(SOURCE: FORTUNE INTERNATIONAL. 25 JULY 1994)

هكذا في الأصل

ADV EMENT

MPA IES & RESULTS

TURNOVER OVER Rs. 5000 Million — Up by 80%	GROSS PROFIT OVER Rs. 830 Million — Up by 89%	81% GROWTH IN EPS (Rs. 10.14) despite 2¼ times increase in Capital	Rs. 6000 Million INVESTMENT IN PAPER AND CEMENT - commissioning in 1994

THE POWER OF PERFORMANCE

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 1994

Rs. In Million

PARTICULARS	YEAR ENDED MARCH 31, 1994	YEAR ENDED MARCH 31, 1993	INCREASE %
SALES AND OTHER INCOME	5096.2	2834.9	80
NET SALES AND OTHER INCOME	4834.6	2705.1	
TOTAL EXPENDITURE	4181.4	2263.7	
PROFIT BEFORE INTEREST AND DEPRECIATION	833.2	441.4	89
DEPRECIATION	183.8	150.3	
PROFIT BEFORE TAX	327.2	127.2	
PROVISION FOR TAXATION	—	20.5	
NET PROFIT	327.2	106.7	207
PAID-UP EQUITY SHARE CAPITAL	331.4	144.8	
RESERVES (excluding Revaluation Reserve)	2336.5	1837.8	

NOTES :

1. Working results for the year 1993-94 include the operations of erstwhile Orissa Synthetics Ltd. merged with the Company.
2. Other Income for the year 1993-94 Rs. 165.4 Million (Previous Year Rs. 106.0 Million)

HIGHLIGHTS

- Paper capacity to increase from 60,000 to 75,500 tonnes.
- Cement capacity to increase from 0.6 to 1.5 million tonnes and the unit recently got ISO 9002 Certification.
- JK Magnetics : Three-fold increase in production in last 4 years.
- Production at Orissa Synthetics increased from 14505 tonnes to 21628 tonnes in 1993-94. First to get ISO 9002 Certification for its entire range of products.

JK CORP

LAKSHMI CEMENT

JKM

WP+E²

And other powerful equations.

Western Paques. India's Leading Environmental Engineering Company. Through innovative technologies Western Paques has helped Indian industries convert cost centres into profit centres. Western Paques now makes these technologies accessible to municipal bodies all over the country – converting municipal waste into a captive power source. Thus providing a total solution to the pollution problem. Western Paques looks towards newer technologies for better effluent treatment processes, with MSW based Power plants being set up in India and overseas.

This equation has worked well for Western Paques financial performance. Net Profit has risen by 79.90%. Net Sales by 52.52%. In a period of one year! Bringing Power from non-conventional sources to India and soon to the world, Western Paques is set to become a major global player.

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 1994

Figures (Rs. in millions)

Particulars	Year Ended 31.03.1994	Previous Year Ended 31.03.1993
Net Sales	441.386	285.640
Other Income	30.214	10.013
Total Expenditure	318.306	208.545
Interest	9.269	6.668
Gross Profit before Depreciation & Taxation	144.025	80.440
Depreciation	9.133	5.461
Provision for Taxation	–	–
Net Profit	134.892	74.979
Paid-up Equity Share Capital	189.233	56.587
Reserves (Excluding Revaluation Reserve)	799.293	99.826

For WESTERN PAQUES (INDIA) LTD.

Dated: 19.04.94
Place: Bombay

NANDAN GADGIL
CHAIRMAN & MANAGING DIRECTOR

WESTERN-PAQUES
WESTERN PAQUES (INDIA) LIMITED
THE LEADER IN ENVIRONMENTAL ENGINEERING*
Delhi: B-55, Pachsheel Marg, Vasant Vihar, New Delhi-110 057. Fax: 00 91 11 6885056.
(* IN INDIA)

PERCEPT

OUR 91% GROWTH IN EXPORTS CAN BE TRACED TO A SINGLE DROP OF WATER.

OR TO A BEAD OF SWEAT.

IT ALL STARTED WITH A DROP OF WATER, WHEN WE PIONEERED THE CONCEPT OF MICRO-IRRIGATION IN INDIA.

BUT OUR VISION EXTENDED BEYOND THE BOUNDARIES OF OUR COUNTRY. TO SOME OF THE TOUGHEST MARKETS IN THE WORLD. BEYOND TODAY. INTO A FUTURE ONLY A FEW DARE TO DREAM OF.

THE RESULT IS AN AMAZING GROWTH IN EXPORTS YEAR AFTER YEAR. AND A FUTURE THAT LOOKS EVEN BRIGHTER. WITH SUNRISE PROJECTS LIKE TISSUE CULTURE, GREENHOUSES, LIQUID FERTILIZERS, SOLAR WATER HEATING SYSTEMS AND HIGH PERFORMANCE ENGINEERING PLASTICS.

ALL THIS CAN BE TRACED TO THAT SMALL DROP OF WATER. OR TO THE HARD WORK AND UNTIRING EFFORTS OF EVERY SINGLE PERSON AT JAIN IRRIGATION.

Net Sales	[illegible]	47%
Export Sales	[illegible]	91%
Operating Profit	[illegible]	86%
[illegible]	[illegible]	50%

JAIN IRRIGATION

SMALL IDEAS. BIG REVOLUTIONS

Talking about how much one earns is bad form.
Once a year, however, we break the code.

THE TAJ MAHAL HOTEL BOMBAY

May we present our financial highlights for the year ended 31st March, 1994.

	April 92-March 93 (Rs. Million)	April 93-March 94 (Rs. Million)	% Increase
Income	2,392	3,019	26
Gross Operating Profit	699	950	36
Pre Tax Profit	412	675	64
Foreign Exchange Earnings	1,634	1,944	19
Book Value Per Share (in Rs.)	72.35	93	29
Earnings Per Share (EPS) (in Rs.)	16.81	27.64	64

Return on total capital employed up from 12% to 17%. Market Capitalization up from Rs.5,888 million to Rs.20,958 million. Recommended bonus of 1 share for every 1 existing share and dividend of 70 %, up from 50%.

Add to this a few significant trends. Our EPS has moved from Rs.6.1 per share in 1991 to Rs.26.07 in 1994. (This despite a 1:3 rights issue in 1993) Profit after tax? From Rs.90 million in '91 to Rs.520 million in '94. And dividends up to Rs.140 million from Rs.37 million in the same period. Reason enough, we believe, to break the code.

THE INDIAN HOTELS COMPANY LTD
whose hotels are

THE TAJ GROUP of HOTELS

THE TAJ LUXURY HOTELS ARE: THE TAJ MAHAL HOTEL BOMBAY - THE TAJ MAHAL HOTEL NEW DELHI - TAJ PALACE, NEW DELHI - TAJ WEST END, BANGALORE - TAJ COROMANDEL MADRAS - TAJ BENGAL CALCUTTA
FOR RESERVATIONS CONTACT. BOMBAY 91-22-2023366, NEW DELHI 91-11-3322333, BANGALORE 91-80-2269281, CALCUTTA 91-33-2483939, MADRAS 91-44-8272827, U.S.A. 1-800-1-LUV-TAJ (TOLL FREE), U K 0800 282699 (TOLL FREE)

Court rules utilities under 'state control'

By John Mason, Law Courts Correspondent

Privatised utilities including the water companies, British Gas and British Telecom were yesterday left more exposed to legal challenges over a wide range of issues after the High Court ruled that South West Water operates under "state control".

The ruling suggests that all privatised utilities, unlike other public limited companies, will be required to implement European Community directives, even when these have not been incorporated into UK law. This was seen by lawyers as giving employees and pressure groups an extra front on which to mount legal challenges against the operations of the former state-owned industries by claiming possible breaches with EC directives.

These could include challenges over a range of issues covered by EC directives such as employment and environmental concerns.

Ms Melanie Tether, an employment partner with Norton Rose, the London law firm, said the ruling would affect the position of all the privatised utilities.

"Undoubtedly a judgment of this kind will be welcomed by employees in this kind of organisation. It will have widespread implications."

The government has recently increased the pace of legislation bringing UK law into line with European directives, so lessening to some degree the problems posed to utilities by the ruling, she pointed out.

However, with new directives continuing to emerge from Europe, the issue would still be a "moveable feast" for the courts, she said.

The ruling followed an attempt by Unison, the public services union, to challenge redundancies planned by South West Water.

Although Unison lost the bulk of its case, the judge, Mr Justice Blackburne ruled that despite SWW's status as a PLC, it was an "emanation of the state" because it provided a public service controlled by a state-appointed regulator.

The judge said: "The question is not whether the body in question is under the control of the state, but whether the public service in question is under the control of the state.

"The legal form of the body is irrelevant. The fact that the body is a commercial concern is also irrelevant. It is also irrelevant that the body does not carry out any of the traditional functions of the state and is not an agent of the state. It is irrelevant too that the state does not possess day to day control over the activities of the body."

Both British Gas and British Telecom declined to comment on yesterday's ruling, saying they had to study the judgment carefully first.

South West Water yesterday gave no indication whether it would be appealing against the ruling.

British Gas unveils £600m terminal

By Robert Corzine

British Gas yesterday unveiled one of the key pieces of the costly infrastructure needed to bring Britain's new west coast energy reserves to market.

The £600m North Morecambe project, the UK's newest natural gas terminal, will supply 4 per cent of the country's peak winter demand for natural gas.

The terminal, outside Barrow in Furness in Cumbria, is in the final stages of commissioning: the official opening will be in October but gas is already flowing into it from a single production platform about 25 miles off the Lancashire coast in the shallow waters of the Irish Sea.

The facility was built specifically for North Morecambe gas. But it could be expanded to take gas from other fields which may be discovered in what many oil companies see as an increasingly attractive area for exploration.

The North Morecambe terminal, one of the country's largest onshore energy projects, employed up to 2,000 workers at the peak of activity. Hundreds were still on site yesterday, although the permanent workforce will total just 60.

The small number needed to oversee what will be Europe's most complex gas processing centre shows the degree to which oil and gas companies in the UK have succeeded in cutting the cost of large-scale energy projects.

British Gas' initial plan in 1980 envisaged an offshore platform two-thirds the size of that on the nearby South Morecambe gas field, which has a crew of 176.

But the final development plan approved in 1990 called for the installation of what company officials say is the world's largest fully automated platform. It will not normally be manned, and will require only a weekly maintenance visit from a 10-man team.

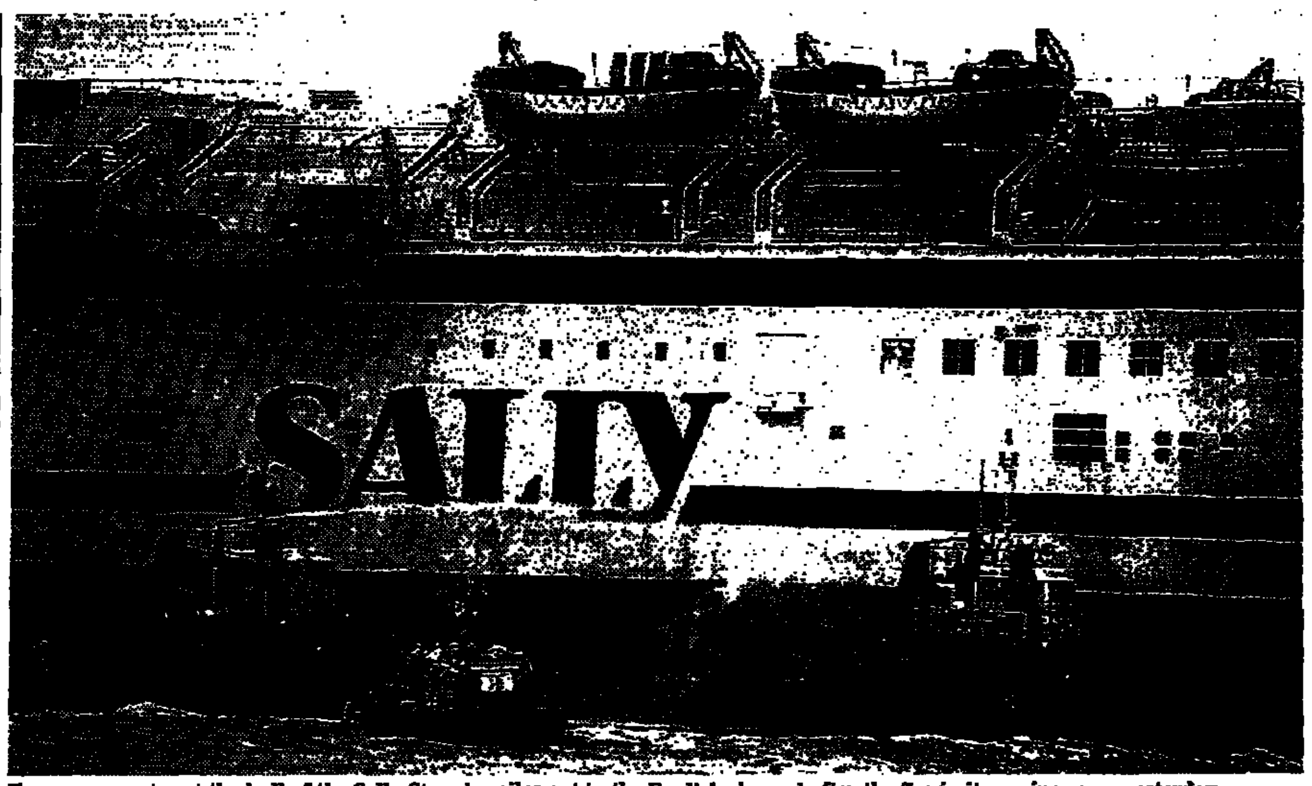
The rate of return on the project is 16 per cent, according to Mr Eric McIlhagga, who has overseen the offshore work. The estimated payback on the development costs should be achieved in three to four years.

The platform has no facilities for processing the raw gas. Nor does it have its own power supply; electricity is sent from shore via an undersea cable.

● Lightning strikes and a corroded pipe which fractured were part of a sequence of events which caused the huge explosion at Texaco's Milford Haven refinery on July 24.

The explosion caused extensive damage to the south Wales plant and a serious fire although there were no serious injuries. Production has yet to restart. While the company has not divulged the cost of lost output, the damage alone runs into millions of pounds.

Texaco's final report will not be made until the result of a separate inquiry by the Health and Safety Executive which is expected shortly.



Tugs spray water at the hull of the Sally Star six miles out in the English channel after the fire in its engine room yesterday Reuter

Probe set into channel ferry blaze

By Charles Batchelor, Transport Correspondent

Marine safety investigators from the UK and the Bahamas were last night preparing to launch inquiries into a fire on a cross-channel ferry which led to emergency evacuation of more than 100 passengers and crew.

Lifeboats and rescue helicopters were called out to the Sally Star, a 9,000-tonne ferry en route from Dunkirk to Ramsgate after a fire broke out in its engine room in the early hours of Thurdsay.

One crew member had to be airlifted to hospital with a back injury but no-one else among the 104-strong crew and 17 truck drivers on board was injured. Fire officers from Kent were taken out to the vessel by helicopter and boat.

The fire broke out when the vessel was eight miles from Ramsgate and flames could be seen from the shore, eyewitness said. The Sally Star was last night being towed back to Dunkirk for repairs.

The department of transport described the rescue as "a text-book operation" but the RMT transport union said the incident revealed the danger of recent cuts in the emergency services budgets. The first helicopter to attend the fire flew from an RAF base at Wattisham in Suffolk following the closure last month of RAF Manston in Kent because of defence budget cuts.

The Sally Star can carry up to 625 cars and 70 trucks as well as up to 1,500 passengers but was carrying only trucks and their drivers on the overnight journey.

Sally Line, the owner of the vessel, said the cause of the fire was not known. The Sally Star was built in 1981 and acquired by the line in 1988.

The Sally Star had undergone five routine inspections since February 1993 and a major inspection in April 1994, the department of transport said. Minor defects were found but these had been put right.

The British marine accident investigation branch will begin an investigation because the ship was in British waters when the emergency occurred while the Bahamian authorities will also investigate because it sails under the Bahamas flag.

● Fires broke out on two other vessels yesterday. Thirty of the 73 crew members of the Lithuanian fish factory ship Seda were taken off by lifeboat following an engine room fire off Shetland. In another incident, fire broke out in the cargo pump room of the Royal Fleet Auxiliary ship Fort Victoria moored near Plymouth.

Britain in brief

CBI figures back growth optimism

UK manufacturing output and orders are growing at their fastest rates since the late-1980s, according to the latest Confederation of British Industry monthly trends inquiry, but expectations of higher prices are increasing.

For the first time since April 1989, more companies believe that their order books are above normal, than below. CBI surveys deduct those reporting a decrease from those reporting an increase in order to produce a percentage balance.

The balance of those expecting an increase in output over the next four months is 30 percentage points, the highest figure since September 1988, while the balance of those reporting above normal order books is 4 percentage points.

Both findings appear to confirm official statistics earlier this week which showed that the rate of economic growth was accelerating and would beat the Treasury's 2.75 per cent forecast for 1994.

The CBI also produced its revised economic forecast for 1994 and 1995. It has upgraded its expectations for gross domestic product growth this year from 2.4 to 3 per cent, although that forecast does not take account of the strong GDP figures published earlier this week.

The CBI believes economic growth will slow in the second half of this year, as the full impact of tax increases hits consumer spending, and GDP growth in 1995 will drop back to 2.5 per cent.

Norweb to shed 1,200 staff

Norweb, the Manchester-based electricity company, is to shed 1,200 staff over five years after announcing yesterday the sector's first corporate restructuring in the wake of the recent regulatory review.

The company also indicated it plans further acquisitions in the US.

Norweb said its job cuts programme was necessitated by the regulator's review of price caps which would lead to a cut in income of £300m over the next five years, £40m of it next year.

It said it accepted the revised price controls even though it did not agree with the the regulator's methodology and approach. Nine of the 12 companies have now agreed to the controls, and the other three are expected to do so.

BZW to advise power review

The British government yesterday announced the appointment of Barclays de Zoete Wedd and KPMG Peat Marwick to advise it in its review of the nuclear power industry.

BZW will consider whether a new nuclear station could be built with private finance and assess the feasibility and timescales of proposals for the privatisation of the nuclear generating industry.

KPMG Peat Marwick will review current organisational arrangements for the management of public sector, civil nuclear liabilities, with a view to maximising value for the taxpayer consistent with safety, health and environmental requirements.

Sunderland to weigh new site

Sunderland Football Club is considering a disused colliery site for its new sports and conference complex, as an alternative to a development next to Nissan's £900m Wearside car plant.

The plan for a £75m superstadium and leisure complex, which has prompted angry exchanges between the club and the car maker, was to have gone to a public inquiry.

But yesterday the club confirmed it is investigating the possibility of a smaller development on the Wearmouth colliery site, less than a mile from its Roker Park ground from which it needs move to fulfil the Taylor Report's all-seater stadia requirement.

Engineering sales higher

Total sales of the combined engineering industries in Britain were 12.0 per cent higher in the second quarter than in the same quarter last year, the Central Statistical Office said yesterday.

Sales were 3.1 per cent higher seasonally adjusted in the second quarter than in the first, with home sales 4.1 per cent up and exports 1.6 per cent higher. Sales in June alone were valued at £7.3bn in current prices, up from £6.6bn in May. Total orders on hand at the end of June, seasonally adjusted and based on 1990 prices, were 0.9 per cent higher than at the end of March, and 5.0 percent up on June 1993, the CSO said.

Printer plant to close

Star Micronics, a Japanese manufacturer of dot-matrix printers, is to close its factory in south-east Wales with the loss of nearly 200 jobs.

Over 40 Japanese companies have set up in Wales since the early 1970s and this is their first plant shutdown.

The company set up at Tredegar, Gwent, in 1988 but has faced severe competition from other types of printer. The plant's turnover fell from £58m in 1990 to £20m last year, when it lost £1.3m and made 76 people redundant.

Survey vessel tenders invited

The Ministry of Defence yesterday invited tenders for a new Ocean Survey Vessel for the Royal Navy's Hydrographic Service from Swan Hunter, VSEL and a consortium of BAE/Sema and Appledore shipbuilders.

Tenders for the vessel are due to be returned in October, for a decision by the end of 1994.

Constructions Mécaniques de Normandie, sole prospective bidder for Swan Hunter, the Tyneside shipbuilder in receivership, hopes Swans will win the ship in order to provide the firm workload CMN requires before it is willing to buy the yard.

Yesterday CMN, receiver Price Waterhouse and MoD officials met to try to break the deadlock over terms for the proposed transfer of Swans' MoD frigates contract to CMN, a key element in CMN's proposal for a conditional purchase deal. CMN last night described the talks as "useful".

US visitors upbeat on IRA ceasefire

By Tim Coone in Belfast

The head of an influential Irish-American delegation that is today due to meet leaders of Sinn Féin, the political wing of the IRA, said yesterday he was "renewed" in his belief that the IRA was on the verge of a "major decision", strengthening speculation that it will announce a ceasefire within two weeks.

Speaking after a meeting in Dublin with the Irish prime minister and foreign minister, Mr Bruce Morrison a former US congressman, said the objective of his visit to Dublin and Belfast was to help achieve "an end to violence through a broad-based political process".

The Irish Foreign Ministry said the US delegation was briefed on the Irish government's view of the Northern Ireland peace process and that it was stressed that it sought "a total cessation of violence".

Mr Morrison confirmed he would report back to the White House on his return to the US.

In Belfast, a senior figure in Sinn Fein said yesterday an "unprecedented opportunity to get down to the nuts and bolts" of the conflict lay ahead, which he hoped would lead to "multi-party dialogue".

Although unable to confirm whether an extended IRA ceasefire was imminent, he said: "The IRA know a short ceasefire was not seen as sufficient before. They are moving towards a decision and no obstacles remain in the way at the moment."

He said Sinn Féin had invited the delegation to meet its leadership "to help broker a permanent peace in Northern Ireland. We are not looking for them to be behind Sinn Féin, but to be behind a strategy to get a settlement."

No French model for coast train

Charles Batchelor on plans to upgrade the west coast rail route

Modernisation plans for Britain's 550-mile west coast main railway line may not lead to the construction of a high-speed line on the French model due to cost and the likelihood of environmental protests.

But the introduction of "21st century signalling" with modest changes to the present route should still lead to significant increases in journey times, Mr Gil Howarth, Railtrack's director of major projects, said yesterday.

The £500m upgrading of the west coast route, last modernised in the 1960s and 1970s, is expected to reduce the London to Glasgow journey to four from five hours, London to Manchester or Birmingham from 2¾ to two hours and London to Birmingham from 1¾ to 1¼ hours, times competitive with airline schedules.

The west coast line is one of the busiest in the UK carrying more than 2,000 trains a day. Intercity expresses account for just 16 per cent of train journeys though they provide 80 per cent of the mileage travelled.

The likely design of the line has emerged from a "second sift" of options carried out by a 60-strong project team consisting of staff of Railtrack and WCML Development, a private sector consortium involved in the feasibility study. A third review will take place in October in time for final proposals to be put to the government before Christmas.

A construction consortium will then be selected by competitive tender to start work in 1995. Depending on the degree of disruption acceptable to existing services, modernisation work will take between four and eight years.

Local authorities and business interests along the line have been pressing for it to be upgraded to speeds of 125mph-185mph.

Improved journey times can, nevertheless, still be gained by careful realignment of tracks and modifications to tight tunnels.

Significant improvements will also result from upgrading signalling. The latest airline-style system which does away with track-side signals could be used on the fastest sections of track with a more conventional system in use around the large cities which are most heavily used by slower regional train services.

This could mean that Intercity services could be controlled by a single signalling centre over the entire route though two or three centres are more likely, Mr Howarth said. This is likely to lead to a reduction in the number of signalling staff needed.

A decision has yet to be taken on whether new rolling stock will be provided for the line – at a further likely cost of £300m-£400m – though the more modern the track and signalling systems the more likely it becomes that new trains will also be needed. One option is for tilting trains similar to those in Sweden and Spain.

The private sector is expected to contribute most of the cost of the project – in return for a concession to operate the line – though public funds will also be needed. Present government thinking is for the line to be financed through a subsidy for the train operators' track access charges rather than by a grant to meet capital costs.

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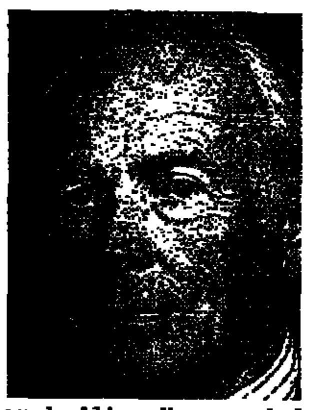
PEOPLE

To see the wood for the trees



The search is on for a new chairman of the Forestry Commission to take over from Sir Raymond Johnstone (right), the former chieftain of the Murray Johnstone fund management group, who has been looking after Britain's forests for the past five years.

Sir Raymond, 64, leaves at the end of the month when his term of office expires. It is understood that he would have been prepared to continue as part-time chairman for a few more years.

However, the government appears to have decided that it wants a fresh face to push through the recently published recommendations of its task force's review of the Forestry Commission's estate.

When Sir Raymond was first appointed there was a suspicion that he had been brought in to oversee the privatisation of the commission, given that much of his earlier career had been spent bringing companies to the stock market.

That was not part of Sir Raymond's original brief, though, and he quickly decided for himself that privatisation was not appropriate. His view was endorsed last month when the government officially shelved plans to privatise the commission.

Sir Raymond has been involved in giving the commission a "greener image" and a more efficient organisation structure. He oversaw the 1992 reorganisation which separated the commission's departmental, regulatory and management functions and has been heavily involved in improving the commission's relationships with the public and environmental groups.

However, there has been a worry in some quarters of the forestry industry that Sir Raymond might have gone "too green". There has been a sharp drop in planting of conifers following the dropping of controversial tax incentives in 1988, and there has been a concern that the commission was spending too much time worrying about the environment and not enough about planting more fir trees.

■ With an eye to the day when there is no longer any British Coal Corporation, British Coal chairman Neil Clarke, 60, is adding to his portfolio of non-executive directorships. He has joined the board of PORVAIR, a small firm which manufactures materials with microporous structures and has a market capitalisation of just under £50m.

Clarke, who has been British Coal chairman since 1991, was formerly chief executive of Charter Consolidated. He is currently a director of Travis Perkins and chairman of Genchem Holdings.

As part of the privatisation of British Coal, the government has set up the Coal Authority which will take over British Coal's ownership of the nation's coal reserves and be responsible for licensing coal-mining operations.

Sir David White, 64, chairman of Mansfield Brewery and a former part-time member of British Coal's board, has been appointed chairman-designate of the new authority which will eventually take over most of British Coal's responsibilities.

MGN creates pensions post

A rare shaft of light in the murkiness that has been the story of Mirror Group pension funds since Robert Maxwell's death came yesterday with the news that MGN has created a new post of pensions chief executive.

The first incumbent is Iain Urquhart, 44, formerly benefit administration group manager with Towers Perrin, the management consultants.

Urquhart's role will be to help and advise the MGN board and to deal with the pension fund trustees in untangling what he refers to only as "the outstanding issues" since Maxwell's death. He will administer the group pension schemes and its pension policy.

Although not an actuary, he has long experience of pensions, having worked on the corporate side of a variety of occupational pension schemes since 1976. He readily admits that having been in the post only since Monday, he does not yet have the measure of the task and does not feel able to say when MGN might shake off the shadow of Maxwell.

And why did he want to take what seems a demanding and in some ways unappealing job? "It was advertised in one of the pensions magazines, and it sounded like a challenge," he says.

Bodies politic

Laurie Slade has been promoted to become insurance ombudsman after the controversial resignation of Julian Farrand earlier this month.

Farrand, who is to become pensions ombudsman later this year, said he was disillusioned over the future of the office. The establishment of the Personal Investment Authority, the new watchdog set up to protect the private investor, was undermining the ombudsman's position, he said.

Slade, 50, who has been Farrand's deputy for the past six years, is a barrister and a Fellow of the Chartered Institute of Arbitrators. Yesterday he appeared to have accepted the diminishing role of the Insurance Ombudsman's office: "We have to effect an orderly transition to the PIA ombudsman of investment complaints against insurers and fulfil whatever residual role remains for us in this field."

Bryan Austin, 59, who retired last year from W.H. Smith, has been appointed a member of the Gaming Board.

Austin, whose term runs for two years from September 1994, takes over from Michael Hogan, a former secretary of the Gaming Board who joined the five-strong board in March 1986. Austin was employed by W.H. Smith from 1971 until his retirement in 1993 and held the post of group director, business planning and development from 1988 to 1993. He was previously employed by United Biscuits, Dorland Advertising and Atwood Statistics.

The Home Secretary makes all appointments to the Gaming Board, which was established by the Gaming Act 1968 with two functions, namely to keep under review the extent, character and location of gaming facilities in Great Britain and to regulate the conduct of casinos and other establishments where gaming takes place. It is chaired by Lady Littler.

■ John Hooper, chairman of the Committee of Advertising Practice, is to become director general of the INCORPORATED SOCIETY OF BRITISH ADVERTISERS on the retirement in January of Ken Miles.

■ Roy Swanston, director of research and professional services at English Heritage, has been elected president of the ROYAL INSTITUTION OF CHARTERED SURVEYORS.

PROPERTY

Builder's charter

The costliest mistakes occur at the design stage – not on site, argues Stuart Lipton

The UK's Millennium Fund offers an opportunity to reverse the history of public building catastrophes. The Fund, which will use money raised from the country's national lottery to finance "celebratory" capital projects, could also mark a turning point in British architecture and construction – if architects were allowed to participate with enlightened clients and produce practical and cost-effective buildings.

How do some projects valued at £90m with a completion time of 24-months end up costing twice as much and taking twice as long to finish? A lack of knowledge by the lay client has encouraged poor cost-control and lax competition times. But the supply industry must share some of the blame.

Professionals continue to be appointed in the wrong sequence, and are not given parity in their contracts – and gaps between contracts become a cost to the client. All contracts should be administered as part of a seamless process. Selection of the team with clear, long-established relationships between members is a prerequisite for success.

What frequently happens is that each professional adds his embellishment at successive pre-construction stages. These layers of "improvements" must be paid for and the client may be presented with costs for unwanted changes.

The UK construction system generally divides into different departments the tasks of cost planning, project planning procurement, site management and commissioning, with the overall team leader far removed from decision-making. More effective would be a contractor controlling a small staff with the technical back-up and solutions which are based on the current brief rather than overcoming earlier failures.

Spending more money does not ensure a better result. Developments in the commercial office world have proved that cost does not equal quality. What must be avoided is fashion-engineering where the patron is the guinea pig in the architect/builder's laboratory. A contractor's flair for cost-cutting must be counter-balanced by a robust design to protect the clients' interests and the architectural integrity.

Design competitions produce stimulating new ideas, but the risk of every task of the project being subject to competition is such that it can prevent a collaborative approach between the architect, the team, the craftsmen and the client.

Glyndebourne Opera House: completed on time and to cost

Design-and-build and other supposed cost short-cuts allow the client to pass responsibility to the builder who then designs to a price not a quality. Construction is a difficult task, but should be a matter of logic and quality control. But construction and design must not be separated. Most clients find the building process a mystery and yet they foot the bill and carry a subordinate role in the management of the process. Such difficulties typically cost the client 30 per cent more than he should pay.

All large, new projects should have patronage as well as a client. A patron must be the decision-maker, the budget-holder and must have the final decision on the project brief.

The value of this role was demonstrated in the rebuilding of Glyndebourne Opera House, which was completed on time, on cost and with just one closed season. Sir George Christie, chairman of Glyndebourne, was the patron. Glyndebourne Productions performed the role of client, representing the different interests of finance, artistic, musical direction, props, wardrobe and so on. Such an arrangement is equally applicable to a gallery, a library or a bridge.

Good clients have a fine understanding of their own needs, and respect professional disciplines. Likewise, many clients think they are unique in their property needs and yet when they build their one building – often their most complex undertaking – they put insufficient time and effort into pre-contract analysis.

Although not as technologically advanced as, say, building an aircraft, the design and construction of property requires sophisticated management techniques, the application of ingenious engineering solutions and logistical exercises. Yet the average building still uses 1960s technology. Roofs still leak; contract periods are not met and cost overruns can embarrass the client.

In spite of its dismal record the industry has made progress in the past decade in overcoming these problems, with co-operation from trade unions, research and development by contractors, and new contract procedures, all with assistance of a new breed of architects.

So can the needs of clients commissioning buildings under the Millennium Fund be translated into buildings of high quality. And can this be achieved for a price which represents good value?

The construction process of any building need not be complex. It relies on a clear vision and a well-researched brief. Visits abroad to see comparable buildings are much less expensive than experimenting at home during construction. The costliest mistakes occur on the drawing broad – not on the construction site. Rectifying mistakes can cost 15 per cent of total budgets.

The procurement of construction is shrouded in mystery. Good factual "benchmark" information on construction performance, for example, is difficult to find or jealously guarded.

We all tend only to see the end-product – the building. Yet excellence in this end-result can only be achieved by excellence in the complex process by which it is achieved.

Both in UK and continental Europe, there now exist architects of extraordinary talent. They must be awarded contracts based on design skills rather than lowest fees. Their knowledge will contribute to efficient construction, design excellence and innovation, all leading to better cost control

In the UK, once the professional team is signed up, the architect and contractor end up in pivotal positions. Consequently the project tends to be design- or construction-led, with the "client" taking a subordinate role. But design and construction are just two stages in a building project. For the project to succeed, the design process needs a clearly defined target backed by a collaborative team approach.

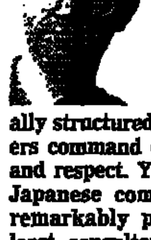
Quality is not an optional extra – whatever the budget. The lead must come from a committed client. This requires an integrated approach by an experienced client, able to add value to the procurement process: first by identifying what represents quality and value; and second, by ensuring the realisation of that value. This approach rests on a belief and a need to control the risks of procurement, coupled with the task of sustaining an overall vision. Only then will we get buildings worthy of the millennium celebrations.

The author is chief executive of Stanhope Properties

MANAGEMENT

CHRISTOPHER LORENZ

Hierarchies of the middle-up-down



One of the unending puzzles for westerners about the way Japanese companies operate is the relationship between boss and subordinate. In an unusually structured society, top managers command enormous authority and respect. Yet at the same time Japanese companies tend to be remarkably participative, or at least consultative; there are few countries in which front-line and middle managers have as much influence on strategy.

Some western writers have claimed that this is a sham: that Japanese workers and middle managers feed their bosses what the latter want to hear.

More sophisticated writers argue to the contrary: that the innovativeness and creativity of Japanese companies, especially in knowledge-intensive industries such as electronics, rests heavily on the injection of ideas from those closest to the customer and to technological change – in other words, from the bottom or middle. In a celebrated article a few years ago, a Tokyo professor, Ikujiro Nonaka, christened this style "middle-up-down management".

Now two western writers with a subtle grasp of both culture and organisational systems have produced an explanation which builds on Nonaka's analysis.

The authors are Charles Hampden-Turner, a British academic at Cambridge best known for his pioneering work on how to thrive on ambiguity and dilemma, and Fons Trompenaars, a Franco-Dutch expert on national differences in business.

In *The Seven Cultures of Capitalism**, a wide-ranging and provocative book published this year – which has had an undeservedly quiet reception, partly because of its philosophical overtones – Hampden-Turner and Trompenaars concede the obvious: that the Japanese are far more deferential to authority than Americans; that they use a language indicative of the relative social standings of speakers and those spoken to; and that they are most reluctant to criticise openly anyone but close colleagues.

What is less obvious is that Japanese hierarchies are very different from typical Anglo-Saxon chains of command, in which the boss sits many miles from the customer and the technical action. In Japan, they tend instead to constitute what Hampden-Turner and Trompenaars call, awkwardly, a series of "inclusive co-ordinations". These, they suggest, resemble inverted Chinese puzzle boxes, one inside the other (see diagram).

Whereas the levels of a US hierarchy have considerable gaps and psychological distance between them, in Japan each higher level encompasses the one beneath it, the duo argues. The superior not only has his feet more on the ground, and is in closer direct contact with lower levels, but is usually also more of a co-ordinator than a leader. Hence the term "inclusive co-ordination".

As *Seven Cultures* argues, most top men in Japan tend to lay down abstract values and policies, and then synthesise the innovative actions and other initiatives which flow up from those beneath him. Like the "coaching" style much-advocated in the west, but little practised there as yet, the Japanese leader spends much of his time listening, responding, nurturing, and formulating after-the-event policy from strategies that have emerged from below.

This combination of top-down management with bottom-up participation contrasts with American management theory, which has tended to pit the two against each other.

Japanese hierarchy also differs from western autocracy in its tradition of benevolent leadership and minimalist control, according to *Seven Cultures*. Strong emotional obligations are placed on Japanese leaders by their subordinates. Moreover, unlike westerners influenced by the sociologist Max Weber, the Japanese make no distinction between *Gemeinschaft*, a close-knit group with voluntary affections, and *Gesellschaft*, a contractual association for work.

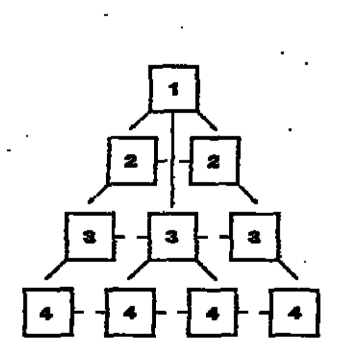
As the book demonstrates, Japan's strong collectivism supports the ability of its companies to create harmony between seemingly conflicting factors. Authority is combined with empowerment, hierarchy with participation, and so on.

The net result is unparalleled proficiency at the sort of complex organisational learning, corporate renewal, and competitive flexibility which every western company is struggling to emulate.

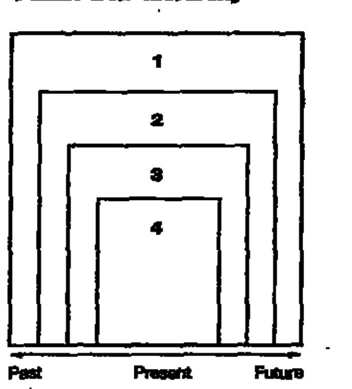
What Hampden-Turner and Trompenaars do not explore sufficiently is the downside of the group commitment which underpins "middle-up-down" decision-making in Japan: an atmosphere that most westerners find oppressive. So do some Japanese these days. But when old thinking habits are so powerful and deep-rooted, they die hard.

**UK: Piatkus, £20. US: Doubleday, $25.*

American 'Chain of Command' hierarchy



Japanese 'Puzzle Box' hierarchy



Claude Bébéar, chairman of France's Axa insurance group, enjoyed an unusual evening this summer in the company of a team of Chinese jugglers and a chorus of opera singers. Together with 170 managers from 10 of Axa's international operations, Bébéar then spent the night on China's Great Wall.

Amid the charred remains of a roasted lamb and crates of empty bottles of wine from the group's French vineyards, the managers slept in sleeping bags and rose at 4.30 to watch the sun rise.

Their bonding experience, part of a seven-day trip to China, reflects Bébéar's unorthodox approach to managing the group, which over the last five years has become one of Europe's biggest and most rapidly growing insurance companies. Indeed, since taking a 49 per cent stake in Equitable Life of the US in 1991 Axa has signalled its ambition to play on an even bigger stage.

These aspirations were underlined last week when Axa acquired Boréal Assurances, the Canadian insurer, in an acquisition which will make the company the fourth largest insurer in Canada. Axa also recently secured provisional authority to set up a life insurance business in Japan and announced plans to invest $200m (£133m) in the venture over the next five to seven years.

The China escapade is one of the most striking examples of Axa's – and Bébéar's – iconoclastic and radical style, in an industry where management has traditionally been slow moving, status conscious and parochial.

Vestiges of that conservatism are still visible in some corners of Bébéar's empire. At Axa Equity & Law, for example, the High Wycombe-based UK life insurance company taken over by Axa in 1987, managers – curiously known as "officials" – are still rewarded for each upward move in the company hierarchy with tiny improvements in their work surroundings. Desk sizes, floor coverings and even the equipping of offices with hat stands are tied rigorously to seniority.

But commercial pressures have already begun to force a change in attitudes. Four hundred jobs have disappeared since 1990 – many of them middle managers squeezed out as the company sought to flatten the management hierarchy. There were "an awful lot of titles which didn't carry any responsibility", comments David Thorley, marketing director.

Bébéar's approach is designed to reinforce these sorts of changes across the organisation, preparing senior mangers for a much more competitive environment and making them more flexible and responsive to change. In particular, the company is concerned to build on its international strengths by obtaining maximum benefit from the range of management and specialist expertise at its disposal.

Claude Bébéar's radical approach involves improving communication skills through 'workouts' in China and the Sahara desert

'Modelnetics' of life

Richard Lapper looks at an unorthodox style of promoting participation and flexibility

Before the China visit, for example, six teams – each drawing their resources from separate parts of the Axa empire – worked in their free time on competing proposals about how Axa could penetrate the Chinese market. Wherever necessary they made use of the company's communications facilities, such as video conferencing. During the China visit, each group presented its conclusions to the committee responsible for corporate strategy.

Axa has taken other opportunities to bring its senior executives together. Since 1987, for example, Bébéar has masterminded three other adventure workouts in unusual locations.

Managers spent a week in tents in the Sahara desert in 1987; Bébéar hired a train to take them around Europe in 1990; and two years ago, top staff were flown to the Caribbean island of St Martin.

Attempts to improve communications are not confined to the top. The company is also keen to promote greater direct contact between managers at lower levels, especially in specialised areas such as telecommunications, information technology and fund management. Rather than communicating through managers, Thorley says "it is far better for the guy installing telephone systems in France or the UK to talk directly to his counterpart in the US".

One method of improving communications favoured by Axa is "modelnetics", a management training system developed by Main Even Management Corporation, a California-based group. The system uses 151 "models" – buzzwords and symbols – to promote use of management concepts that promote participation and flexibility. Axa has been using it for the last few years.

Its managers in High Wycombe are quick to use modelnetics jargon. "Slot machine management" – frequent moves of personnel and resources within an organisation – and "management smog" – the lack of communication associated with dense bureaucracies – are deplored. Employees are encouraged to think laterally or outside "the logic box". Thorley sees it as "a common language that helps us understand common problems".

Currently, Axa is placing more stress on the development of its own central training programme at its "university", a training centre attached to the group's Bordeaux vineyards.

Richard Nicol, human resources director who joined Axa earlier this year after long spells with Total and Airbus Industrie, plans to unveil an ambitious new training scheme for all his company's managers later this year.

The scheme – which involves a rolling programme of one-week courses – will subject each of Axa's 5,500 managers to peer group and subordinate assessment for the two months prior to the course. Nicol says the emphasis is on participative management.

Summarising his experience with Axa, which he joined after working for a range of top UK businesses, Thorley says: "Most companies I've worked for define the frame and everything inside the frame. They tell you everything you can do and can't do," he says. By contrast Axa "provides the framework, and how you go about it is very much up to you. Bébéar has sent a clear signal that he doesn't want little clones everywhere."

TECHNOLOGY

Claire Gooding profiles a system that sets travellers and tour operators in the right direction

World explorers on software trail

People usually have clear ideas about what they want from a holiday. Sun, sea and sand are still on the list, but an increasing number of travellers wish to set their own agenda. The standard package does not cater for them, but straying from the beaten track is encouraged by Rainbow Holidays of York.

Rainbow specialises in tailored itineraries for individuals who are making the trip of a lifetime – a retirement trip, for example, or a family reunion in a remote area of Australia.

Every item on the trip, down to the car transfer from the airport, appears on Rainbow's TourCat computerised system.

Beside the items, vital information appears for the tour operator: the profit margin and how it is divided between operator and travel agent. The system is used to quote on complex trips with multiple components, and enables the UK company to explore a variety of options.

If a client needs to keep costs down, Rainbow can look for substitutes: a bus connection from the airport, a cheaper room or a cheaper hotel altogether.

If the customer changes his or her mind, the system provides instant re-quotes, including airline bookings via a central reservation system such as British Airways' Galileo. This "modelling" of the ideal trip results in a printed itinerary for the client showing the breakdown into individual components, sometimes running to several pages.

"The printed itinerary really makes the dream trip come alive," says chairman David Miller. "When people see all those wonderful place names appear in print, along with actual times of arrival and departure, and details like the car pick-up, people's aspirations suddenly become real. That's when they begin to get excited."

SOFTWARE AT WORK

The same computer system has helped Rainbow to target closely three different markets and to track its success with individual products and agents. An unexpected benefit has been its use in competitive situations: Rainbow is able to shave margins in a head-on bid or offer instant alternatives.

For instance, Rainbow has won business because its detailed itinerary made clear that a rival company's lower price did not include all the items – such as the ferry fare for a campervan between New Zealand's two islands.

The travel and leisure business has proved precarious during the recession. But with the information available on the computer system, Rainbow's staff is particularly attuned to profit margins and the group now has a turnover exceeding £23m. Survival in the travel trade, Miller believes, depends on responding to changes in the market with the right products. An entrepreneur with interests in other business areas, he has built the company up by reacting quickly to market trends. Miller founded Greenfield Holdings (of which Rainbow is a part) as a hotel company in 1977 after 17 years in hotel management.

Rainbow was founded in 1981 to offer short breaks in the UK. As well as filling empty beds in its own three Croft hotels in Dundee, Birmingham, and Edinburgh, the company took other hotels on to its books and started a booming business in weekend breaks. The UK Short Breaks brochure offers 400 hotels in more than 200 locations. Rainbow's long-haul business started in 1989 and quickly expanded from covering Australia and New Zealand to include more unusual destinations.

In 1991, the short breaks formula was extended to Europe, and Rainbow acquired the European Travel House to build up inbound European business. This is high-volume, low-income trade, along the lines of package holidays.

The long-haul niche market has grown as other more conventional holidays have struggled to maintain market share.

The tailor-made holidays, known as "itinerary build" in the trade, now account for 57 per cent of Rainbow's turnover. "The long-haul business is the most volatile in terms of margin because each component can affect gross profit margins. But we also have to be market-driven and respond to the competition," says Miller.

The recession flattened turnover to the degree that Miller had to look closely at Rainbow's costs. The company had become computerised with its first reservation system in 1984, but the various departments had incompatible systems withlimited new product development and cost large amounts in maintenance.

The aim was to standardise with a single computer system able to deal with all three areas of business, including specialised itineraries. It had to provide good communications, instant links and booking capabilities with airline CRSs, a range of specialised reports, and confirmations and ticketing.

David Miller: 'We needed to react to the market and its changing products quickly'

None of the standard travel systems met all Rainbow's criteria. Rainbow knew the TravelCat software developed by C-Cat of Hull, and when C-Cat approached with the idea of TourCat, Rainbow invested £1.5m in a joint development.

"We needed the ability to react to the market and its changing products very quickly, and we couldn't wait for the technology to catch up," explains Miller.

C-Cat now sells TourCat as a "turn-key" package of hardware and software: a system of 60 terminals such as Rainbow's costs around £150,000.

For Margaret Simpson, operations director in charge of the system, the main challenge was to make everyone feel that the system could cope with their specialisation. A lot of time was spent analysing industry needs and any resistance to change was dealt with by showing staff TourCat's potential.

"One of the main problem areas in the old system was building the Sunday evening discount into the hotel costs," she says. "Once people realised they could throw away their calculators and paper, they couldn't wait."

Sharon Hutchinson, reservations manager for short breaks, agrees: "No more mistakes on discounts, and it is excellent for checking availability and offering alternatives."

Long-haul reservations manager Simon Bean uses TourCat as a management reporting tool as well as for quotations and availability searches. "I use it to compile statistics on the reservations clerks, so that I can see their conversion rate, spot gaps in their product knowledge, and provide appropriate training."

Rainbow's inbound tour business depends on good marketing relationships with customers such as Air Malta, and Cathay Pacific and Creative in Sydney. These customers want direct online access, and they get it. The system links to terminals in 7,200 retail travel agents.

Communications are an important part of the software package. "The future is all based around communications," says Miller. "The way a company our size competes with First Choice [recently renamed Owners Abroad] or Thomson is by being better in our niche, more focused on specific client bases. And the information we are getting from the system is stunning."

He cites a controlled experiment on two batches of 200 travel agents, where one simple targeting tactic brought about a 51 per cent improvement in conversion rates in one group. It also resulted in fewer brochures, and a saving on the print bill of £128,000. "We thought our gut feel was terribly good until we began to get real information out of TourCat," admits Miller.

The TourCat system has earned its keep since its installation in June 1993. "We printed 2.5m Short Break brochures for 1994. In the past we have not been sure of the conversion rate for any specific agent, but TourCat can run a report in four minutes that tells us about the grading of our various agents. We buy 1,250 tonnes of paper annually, and with paper prices rising, that is a significant saving.

"The system gives full leash to the creativity of the staff here, it makes them more successful in what we call directional selling. It is the confidence the agents have in us that matters and that is where the system makes us better," concludes Miller.

Worth Watching · Vanessa Houlder

Picking out the crop pests

Insecticide sprays often indiscriminately destroy both pests and useful organisms. Researchers at the Fraunhofer Institute for Applied Polymer Research in Teltow, Germany, believe they have found a way to target pests more effectively by enclosing the insecticide in a degradable microcapsule.

The capsules, which attach themselves to the leaves of crops, are eaten by the pests. Less insecticide is needed than with current techniques, spraying is less frequent and there is reduced risk that toxic agents are washed into the soil by rain. The system also avoids use of toxic solvents, often added to insecticides to improve spraying qualities.

Fraunhofer Institute for Applied Polymer Research: Germany, tel 332 8460

Enzyme clue to ageing

Scientists working for the Medical Research Council in Cambridge have identified the structure of an enzyme that plays a leading role in the conversion of energy within cells. The structure of the enzyme, known as F_1-ATPase, is described in this week's Nature, the scientific journal.

The researchers, at the MRC's Laboratory of Molecular Biology, believe that knowledge of the detailed structure of F_1-ATPase and the other enzyme complexes involved in energy conversion will aid understanding of the ageing process, together with neurodegenerative and neuromuscular diseases.

The enzyme, which is about 200,000 times smaller than a pinhead, is the biggest high-resolution asymmetrical biological structure yet determined by X-ray crystallography. The structure shows the positions of almost 3,000 amino acids on the enzyme.

Medical Research Council: UK, tel 071 636 5422; fax 071 436 2665

Tapping into neural computing expertise

The ability to recognise patterns demonstrated by the computing devices known as neural networks is being put to increasing use in industry and finance, where they can reveal relationships and trends within large quantities of data.

Neural Technologies, a Petersfield-based company, has set up a neural-computing based data analysis service for companies without in-house expertise.

Neural Technologies: UK, tel 0730 260256; fax 0730 260466

Putting a finger on security

Identifying people by fingerprints has long appeared an attractive way of combating fraud. Startek, a Taiwan-based company, has devised a fingerprint identification system which it believes is reliable enough to be used as a security device. It uses a small scanning device to take a "picture" of a fingerprint, which is compared with one previously registered in a computer system, in a process lasting about three seconds. It says that fewer than 1 per cent of prints are falsely rejected, while fewer than one in 100,000 prints is falsely accepted.

Startek Engineering: Taiwan tel 886 35 785388; fax 886 35 787089

Hand movement restored

Surgeons at Salisbury District Hospital plan 12 operations to restore hand movement to patients paralysed by spinal injury, *writes Andrew Derrington.*

Implanted electrodes will stimulate muscles that have been disconnected from the brain. In some cases muscle tendons will be transplanted to give better control. The stimulator will be controlled by shrugging the opposite shoulder.

The operations at Salisbury are part of a larger test series, co-ordinated from the US, says Jack Gardner of Inspire Foundation, which is paying for the electronic equipment.

Inspire Foundation: UK, tel 0722 336262 ext 2465; fax 0722 336550

ARTS

A conductor who fits the bill

Antony Thorncroft finds the LA Philharmonic full of the spirit of enterprise

Esa-Pekka Salonen, the boyish (36 going on 18) music director of the Los Angeles Philharmonic which plays the Proms at London's Albert Hall next week, says: "It is pleasing to be part of the underground". A symphony orchestra in Los Angeles, the popular entertainment capital of the world, is distinctly left field. "When we are playing Bruckner we are the alternative culture", maintains Salonen.

Salonen has been at Los Angeles two years now, and "it is very enjoyable. Musically it is exactly as I expected, although the non-musical part of being music director takes up a lot of time and energy". Los Angeles likes stars (previous music directors include Mehta, Previn and Giulini) and Salonen, a composed, even cool, Finn, accepts the burden. "The conductor in his person represents the values of classical music in this area".

In a city where looks matter, he fits the bill to perfection. He is also professional enough to command respect in a place which makes its money by taking entertainment very seriously. The crucial time for the Philharmonic is now, when subscriptions are renewed for the winter season of concerts. With over 80 per cent of supporters signing on again, Salonen, and managing director Ernest Fleischmann, can breathe more easily.

Running a major orchestra in Los Angeles is a tough business. The arts in the US are dependent on rich patrons and although there are plenty of wealthy people in LA, they tend to be the insecure producers and stars of the movie and pop industries who are too preoccupied with their roller coaster careers to feel charitable. A few Hollywood personalities back the Philharmonic – Walter Matthau is a friend and Sharon Stone is expressing an interest – but apart from taking a socially desirable box at the Hollywood Bowl, where the Philharmonic undertakes an ever longer, financially essential summer season, the orchestra survives in an apathetic environment.

Fleischmann looks hungrily at cities like Boston where old money has enabled the orchestra to build up an endowment of $110m. Although the LA Philharmonic has an annual turnover of almost $37m, large by orchestral standards, it has amassed an endowment of only $24m. Fleischmann is embarking on a fund raising drive to raise this to $75m, which would produce an extra $5m a year in revenue and go some way towards meeting the current $7m deficit.

He is optimistic that the money will come. Apart from the impact of Salonen, in 1997 the Philharmonic moves into a new home, the Walt Disney Hall. This has been paid for with the largest cash donation in the history of the arts in the US. Lillian Disney came up with the initial $50m in memory of her husband Walt and the rest of his family rallied round to produce $95m towards the $130m cost of the building.

The smartest LA architect, Frank Gehry, has been commissioned to produce something startling and his design, which wraps the building in swathes of limestone like a ship in full sail, is expected to become as much a landmark in the city as is the Opera House in Sydney.

Change is whirling around the classical music scene in LA. Salonen is fanatical about contemporary music. "A symphony orchestra should maintain the tradition that exists, but it should also create new things." So most of the world's leading composers have been commissioned to provide works for Walt Disney Hall.

Salonen has naturally brought a northern repertoire, more Sibelius and Nielsen, to the orchestra, but he has also attempted to improve its variety to give it "a palate rich enough to accommodate a more flexible approach", as he diplomatically puts it. The aim is to keep the warmth associated with American bands but to make it tighter. The strings are also to be coached in the 18th century repertoire by Roger Norrington.

Behind the scenes the Philharmonic is determined to get back into the black. Staff has been thinned, some outreach programmes axed. It will pay for performing in the new hall, which cuts its seating capacity from over 3200 to less than 2400, by playing each programme more frequently. Seat prices will also rise.

Chairman of the board Stanley Beyer wants to play up the orchestra's involvement with the Hollywood Bowl. For years this was where the Philharmonic lets its hair down during soft summer nights. But now, with audiences regularly topping 13,000, its short 11 week season in the Bowl contributes almost $15m of the $21m the Philharmonic earns at the box office each year.

Last week at the Bowl Salonen was previewing the music he is taking on the European tour: Lutoslawski, Sibelius, Carter and all, tough stuff in fantasy land. But the audience, much of it young and bussed in from the satellite communities which make up LA, appreciated the fact that their new young maestro was treating them as adults. Like Simon Rattle in Birmingham, Salonen is toughening up the programme but taking a larger audience along on the ride.

As he says, "there is a certain spirit of enterprise in LA. People are ready to experience new things. There is no preconceived idea of what is right or wrong. Audiences are more able to accept the new. You can be unconventional easier here than anywhere else. It is a city of disasters and entertainment." He will be hoping to emphasise the entertainment side at the Proms next week.


Cool Finn: music director Esa-Pekka Salonen

Edinburgh Festival

Synge's 'Well of the Saints'

Alastair Macaulay is reminded of other Irish playwrights – Friel and Beckett

Blind person recovers sight, cannot cope with the world, prefers to return to sightlessness. How strange to see, within 15 days, two plays, each by an important playwright, tackling this particular theme: one a world premiere (*Molly Sweeney*) by Brian Friel, the other a rarely performed play from 1905, *The Well of the Saints*, by J.M. Synge. And both playwrights intensely Irish. These plays share a paradise-lost view of the world – a view that to taste of the tree of knowledge is to shatter all contentment – and they suggest that that view is profoundly Irish.

The Well of the Saints actually deals with a blind couple, a middle-aged man and wife both miraculously cured by holy water. Unlike *Molly Sweeney*, this is what most people would call a real play: i.e. the characters talk to each other, there is a specific locale, and things happen in the present tense. And it is morally complex.

These two blind people, Martin and Mary Doul, were never saints and acquire no jot of saintliness. Full of complaints in the first place, and deeply distrustful of those who have sight, they had both been convinced that each other was a physical beauty, and, on recovery of sight, they both become obsessed by the importance of good looks. The notion that ignorance was bliss is a condition they only gradually and painfully attain. Nor does experience teach them compassion. They are, at the end, much the same grumbling duo as they had been at the start.

The bare and ruined place where the action (or inaction) occurs, and the bleak spiritual outlook of the play, also prefigure the work of another Irish playwright – Beckett. But *The Well of the Saints* is, above all, recognisably by the author of *The Playboy of the Western World*. It has the same richly poetic use of Irish speech patterns, the same irony and tragi-comic quality, and the same romantic sense of how ordinary poor people are torn between sensual passion and respect for social order.

"Put down your can now, and come along with myself, for I'm seeing you this day, seeing you, maybe, the way no man has seen you in the world," says the seeing Martin Doul to another woman, Molly Byrne, in Act Two. "Let you come on now, I'm saying, to the lands of Iveragh and the Reeks of Cork, where you won't set down the width of your two feet and not be crushing fine flowers." He is no beauty and no saint, and yet Molly, "a fine-looking girl", is for a while mesmerised by his words. There are better, lovelier, kinder folk who have no such poetry in them. In such moments, the play has as strong a sense of the miraculous as when it shows the power of holy water. And this production, directed by Patrick Mason for Dublin's Abbey Theatre, underlines them, with changes (lighting designed by Trevor Dawson) from ordinary daylight to a peculiar light that half-silhouettes the characters.

Sometimes Mason shows less feeling for the Beckettian inaction of the play. As played currently at Edinburgh's King's Theatre, parts of Act Two, in particular, drag. And I doubt whether Martin's near-seduction of Molly would have half its effect without the fancy lighting. The Abbey actors, led by Derry Power as Martin and Pat Leavy as Mary, are all very fair, but the words have an inner life that could be more ravishing and disturbing than they always make them. "I'm thinking it's a good right ourselves have to be sitting blind, hearing a soft wind turning round the little leaves of the spring and feeling the sun, and we not tormenting our souls with the sight of the gray days, and the holy men, and the dirty feet is trampling the world," says Martin after losing his sight again: which makes an impact on us but could/should be yet more insidious. These are, however, cavils merely about the degree of the production's success.

Meanwhile 1994 is producing an unusually large number of stagings of Synge's best-known play, *The Playboy of the Western World*. On the Edinburgh Fringe, the Scottish company Communicado is currently giving a thoroughly Irish production of it, directed by Gerry Mulgrew. At times the language is played more for sensuous charm than for disturbing force; and only Cara Kelly, in the central role of Pegeen, goes for a thoroughly three-dimensional realisation of a role. But the Communicado house style, with its strikingly imaginative ensemble effects of wordless physical theatre, makes some fine contributions here and there. And in the relatively small space of the Traverse's main auditorium, the play's potent poetry, abundant comedy, and intimate scale all work remarkably well.

The Well of the Saints is at the King's Theatre, Edinburgh, until 28 August. *The Playboy of the Western World* continues at the Traverse until September 3.


Alastair Muir

The Abbey actors Pat Leavy, Derry Power and Pat Laffan

Theatre in London/Malcolm Rutherford

The Winslow Boy

The steady revival of Terence Rattigan's reputation as a playwright is in danger of being halted in its tracks by this remarkably inept production of *The Winslow Boy* at the Globe. Admirers of Rattigan, however, need not have undue fears; the faults lie not in the play, but in the performances and the direction.

The Winslow Boy was first performed in 1946 just after the end of the second world war, but is set shortly before the outbreak of the first in 1914. Surely the juxtaposition matters. The piece is about Englishness in a changing world.

Some of the background is factual. George Archer-Shee was expelled from the Royal Naval College at Osborne because he was thought to have stolen a five shilling postal order from a fellow cadet. The appeals against the judgment went to the House of Commons and the boy was exonerated. The play is loosely based on that, but being Rattigan there is rather more to it.

We never know in the end whether the boy was guilty or not. The question is whether it was worth bringing the case, which disrupts an entire family because of the publicity it creates, and whether there is really so much to be said for an English legal system which can devote so much time to one small affair while the country is on the verge of war.

You can argue about that as much as you like; that is one one of the merits of the play. Yet where the direction by Wyn Jones falls down is in painting the Winslow family as a bunch of Edwardian fogies, young and old, from the start. This is a travesty.

The Winslows may not be rich, but they are comfortably off, the father having recently retired from a senior post at the Westminster Bank. He is well read, sometimes witty and refers to Voltaire. The elder son, Dickie, goes to Oxford, even though he ploughs his exams. The family is also liberal. Daughter Catherine (well played on a bad night by Eve Matheson) is a voluntary worker for the suffragettes, but has no problems about living at home with her middle class background; nor has the family in accommodating her.

The Kensington home must be quite decent, even smartish. A female journalist asking about the case is attracted by the curtains – a new material from Barkers. In the designs by Mark Bailey, the curtains cannot even be seen from the middle of the stalls: the rest of the set is entirely drab.

What we should be watching is the tranquillity of Edwardian England disturbed by a moral family dilemma and thoughts of war in the background. The family should visibly age as the Winslow case drags on; in this production, they are prematurely old to start with, and that includes the boy himself.

Simon Williams is not nearly sharp or suave enough as the King's Counsel who gets the boy off. But, as I say, much could be retrieved if Wyn Jones would go and sit in the audience, note the slowness of the pace and the general lack of style, then give the show a new lick.

Globe Theatre. (071) 494 5065

Promenade concert/John Allison

Wigglesworth's Shostakovich

Tuesday's richly rewarding Prom of Mahler's *Rückert Lieder* and Shostakovich's Seventh Symphony reminded one of Mark Wigglesworth's position as one of Britain's most gifted young conductors. On a purely technical level, he drew disciplined, polished playing from the BBC National Orchestra of Wales – and, in in terms of decibels, some of the stillest orchestral pianissimos and most shattering fortissimos the Albert Hall has heard in a long time – but his interpretations gave notice of a mature, musicianly mind.

The "Leningrad" Symphony is by no means a work that plays itself and Wigglesworth, unencumbered by score, welded a coherent account of the 80-minute epic. The opening bristled with excitement, the great sonorous octaves given out with unerring precision: the orchestra marched through the first-movement ostinato, building it up inexorably to a point where it indeed seemed like an advancing army, capable of obliterating anything.

But, as we now know, the symphony is about more than only – only! – the German siege of Leningrad; and Wigglesworth sought, and found, the deep seriousness of emotion and suffering in its middle movements. Listeners have long felt that it deals with more than one kind of institutionalised violence and further confirmation of this comes in Elizabeth Wilson's new *Shostakovich: A Life Remembered*: the composer's friend Flora Litvinova recalls him saying, "this music is about all forms of terror, slavery, the bondage of the spirit... not just about Fascism, but about our system, or any form of totalitarianism".

Wigglesworth had also been at one with the composer's intentions in the *Rückert Lieder*, proving himself a sensitive accompanist. Thomas Allen, on best of form, was the consummate soloist, bringing the elegance and restraint these songs require. The baritone caught the contrasts between each one of the five – in particular, the stillness of "Ich atmet' einen linden Duft", the drama of "Um Mitternacht"; and the resignation of "Ich bin der Welt abhanden gekommen". All were hauntingly memorable.

INTERNATIONAL ARTS GUIDE

■ EXHIBITIONS

AMSTERDAM
Rijksmuseum The Renaissance Print 1470-1500: a superb survey including works by Andrea Mantegna, Albrecht Dürer and Lucas van Leyden. The selection emphasises the diversity of printmaking and variety of techniques used, and includes devotional prints, landscapes assembled in albums, early colour prints and immense ensembles, such as Jacopo da Barbari's View of Venice. Ends Oct 30. Closed Mon
Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-7. Ends Oct 9. Daily
BERLIN
Berlinische Galerie Raoul Haussmann (1886-1971): retrospective of one of the leading figures in the Berlin avant-garde of the 1920s. Ends Oct 2. Closed Mon
Ephraim-Palais Berlin Painting from Blechen to Hofer: a selection of the most important 19th and early 20th century paintings from Berlin galleries, starting with the German Romantic painter Karl Blechen and continuing through the Biedermeier period, German Impressionism, Beckmann and other expressionists, and on to the Neue Sachlichkeit. Closed Mon (tel 238 0900)
COPENHAGEN
Ny Carlsberg Glyptotek Sculpture from Denmark's Golden Age: an exhibition focusing on Bertel Thorwaldsen (1770-1844) and his pupils and contemporaries. Ends Sep 20
DETROIT
Institute of Arts John James Audubon - Watercolours for Birds of America: 90 original watercolours which the early 19th century painter made for his famous print series. Ends Oct 23
ESSEN
Villa Hügel Paris - Belle Epoque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily
FLORENCE
Palazzo Pitti Royal Treasures from Denmark: silver furniture, royal costumes and ivories dating from the era of Frederik IV of Denmark, who visited the court of Cosimo III in Florence in 1709. Ends Sep 11
HAMBURG
Kunsthalle Masterworks from the Guggenheim Collection: 60 paintings by Picasso, Braque, Dubuffet, Bacon, Chagall, Kandinsky and Miró. Ends Sep 25. David Hockney: drawings from 1954 till the present. Ends Oct 10. Closed Mon
HILDESHEIM
Roemer und Pelizaeus Museum China - Cradle of Culture: a survey of Chinese art and culture from the third millenium before Christ until the 19th century, including ceramics, porcelain, metal sculptures, paintings, calligraphy and textiles. Ends Nov 27. Daily
LAUSANNE
Musée d'Art Contemporain Contemporary Picasso: 80 works 1946-1971, including 30 paintings and a dozen sculptures. Ends Sep 25. Daily
Musée Olympique Miró: 41 sculptures covering his entire career, plus 13 prints from the 1960s and 70s. Ends Sep 4. Daily
Musée Cantonal des Beaux-Arts René Auberjonois (1872-1957): retrospective of the widely-travelled Lausanne artist, who was influenced by Impressionism and Picasso. Ends Nov 27. Closed Mon
Fondation de l'Hermitage Zborowski's Painters - Modigliani, Utrillo and Soutine: 100 works conjuring the aesthetic favoured by the early 20th century Parisian art dealer. Ends Oct 23. Closed Mon
LONDON
British Museum Greek Gold - Jewellery of the Classical World: a beautiful show of intricate craftsmanship, bringing together works from the Hermitage, British Museum and Metropolitan. Ends Oct 23. German Printmaking in the Age of Goethe. Ends Sep 11. Daily
Tate Gallery R.B. Kitaj retrospective. Ends Sep 4. Turner's Holland. Ends Oct 9. William Blake - Art and Revolution: an exhibition focusing on the English artist's output in the 1790s. Ends Oct 16. Daily
Victoria and Albert Museum Pugin - A Gothic Passion: retrospective of the 19th century British architect and designer. Ends Sep 11. Daily
National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily
Royal Academy of Arts The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)
Courtauld Institute The Samuel Courtauld Collection: top-class Impressionist paintings originally in the private collection of the institutes's founder, with loans from the National Gallery and other collections. Ends Sep 25. Daily
MARTIGNY
Fondation Pierre Gianadda From Matisse to Picasso, Masterworks from the Gelman Collection. Ends Nov 1. Daily
METZ
Arsenal Gold of the Gods: more than 600 exhibits, comprising pre-Colombian jewels, ritual knives and masques. Ends Oct 2 (tel 4410 7303)
MUNICH
Kunsthalle der Hypo-Kulturstiftung El Dorado: 300 gold and ceramic treasures from pre-colonial Columbia. Ends Sep 4. Daily
Villa Stuck Dream Time - Tjukurrpa: more than 40 works by contemporary Aboriginal artists from the Australian desert. Ends Oct 16. Closed Mon
MUNSTER
Landesmuseum Eva Hesse (1936-1970): retrospective of the German-American artist, including experimental sculptures and Expressionist paintings. Ends Oct 16. Closed Mon
NEW YORK
Metropolitan Museum of Art Picasso and the Weeping Women: 80 paintings and works on paper from the 1930s and 1940s. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali - The Early Years. Ends Sep 18. Closed Mon
Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1890-1990. Ends Sep 13. Closed Wed
Whitney Museum of American Art Edward Hopper (1882-1967) and Jack Pierson (b1962): the latter has selected 20 works by the former, and placed them alongside his own work. Ends Sep 11. Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct 9. Closed Mon
PARIS
Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to a creative art. Ends Sep 11. Closed Mon
Centre Georges Pompidou Joseph Beuys: retrospective of one of Germany's leading avant-garde artists of the postwar period. Ends Oct 3. Closed Tues
● Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles.
ROTTERDAM
Museum Boymans-van Beuningen Regal Silver: early 20th century silverware from the museum's collection, plus the first public showing of the entire 97-piece silver service presented by the city of Amsterdam to the royal family in 1901. Ends Sep 25. Closed Mon
SPEYER
Historisches Museum der Pfalz Romanov Tsarist Treasures: 200 pieces from the St Petersburg Hermitage, including jewellery, objets d'art, paintings, furniture and costumes, collected during three centuries of Romanov rule in Russia. Ends Sep 18. Daily
STOCKHOLM
Nationalmuseum Swedish Glass pre-1900 and Today: an exhibition focusing on glass for the table, including a Kungsholm goblet from the late 17th century. Ends Sep 4. Closed Mon
STUTTGART
Staatsgalerie Italian Drawings 1500-1800: a representative selection of the large, high-quality Stuttgart collection, built up over the past two centuries and including work by Giambattista and Tiepolo. Ends Sep 4. Closed Mon
Linden-Museum Art of the Aborigines: 90 wood paintings and 40 sculptures. Ends Sep 25. Closed Mon
VENICE
Antichi granai della repubblica China in 220 BC - The Warriors of Xi'an: ten of the 7,000 lifesize terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war chariots and weapons discovered in one of this century's most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca)
Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily
WASHINGTON
National Gallery of Art Willem de Kooning's Paintings: 75 works by America's influential abstract expressionist. Ends Sep 5. From Minimal to Conceptual Art - Works from the Vogel Collection: 90 drawings, photographs, paintings and sculpture by contemporary artists, including LeWitt, Christo, Ryman, Beuys and Flavin. Ends Nov 27. Daily
Freer Gallery of Art Chinese Calligraphy: the exhibition focuses on varied uses of calligraphy on 36 decorative and utilitarian objects made of clay, lacquer, jade, bamboo, silk and wood, dating from the 7th to 19th century. Ends next May. Egyptian Glass: 15 brilliantly coloured glass vessels dating from the second millenium BC. Daily
WEIMAR
Staatliche Kunstsammlungen Goethe and Art: a multidisciplinary survey, using Goethe's extraordinary range of interests as the framework for a study of the art, science and ideas of his time. It includes Goethe's own art collection, 40 portraits of Goethe, art influenced by Goethe and art illustrating his geological and meteorological studies, plus works by Raphael, Watteau, Turner and many others. The exhibition aroused considerable interest earlier this year when it was first shown in Frankfurt, and has now moved to the town in eastern Germany where Goethe lived most of his life. Ends Oct 30. Closed Mon

The waning power of Westminster

PERSONAL VIEW

"Michael Portillo," sighed one of that gentleman's right-wing admirers, "is showing all the subtlety of a Spanish tuna fisherman."

The disgruntled Tory was referring to the unfolding saga of Mr Portillo, Britain's disabled workers and the European directive on public procurement that nobody bothered to check. He feared the overtones of incompetent government would damage the Conservative party. He could be right.

But the episode has wider significance. It provides a cameo example of why the public is disillusioned with politicians of all parties and of how the balance of power in Britain is shifting.

Above all, it underlines the decline in the authority of the House of Commons. Almost without anyone noticing, Westminster's power and prestige has been flowing away – to ministers, to judges, the press, to quangos, to the financial community and to Europe.

The Portillo affair underlines the fact, as the employment secretary intended it should, that more and more laws are made in Brussels, not Westminster. But it also demonstrates the weakness of the British parliament and the growing power of ministers. The House of Commons had no input into the two-year drafting of the European directive. It was negotiated and agreed by ministers and civil servants.

The power and prestige of the Commons has been so undermined that now senior parliamentarians such as John Biffen, former leader of the House, believe only drastic action will save it. "Parliament is getting increasingly out of touch," he says.

The public is expressing its disillusion through opinion polls – politicians are rated as less trustworthy than just about any other group, including journalists and estate agents. Small wonder there is disquiet – it is not just European directives that are flawed, domestic laws are often just as ill-considered.

Nor is the Commons' method of doing business calculated to command respect. As Sir Edward Heath, father of the house, says: "It's what the public has seen of the behaviour of the House of Commons and the way it conducts itself – through television – that has brought about a lot of the disillusion."

There is also public disquiet at the way Westminster is failing in what Gladstone said was its great duty: to hold to account those who run the country. The long years of Conservative rule, often with huge majorities in the Commons, have strengthened the government machine. The growth in the number of young, ambitious MPs planning a lifetime career in politics has made the alternate blandishments and bullying of the party whips more effective.

And the cultural revolution in Whitehall appears to be fostering a more compliant civil service.

Every day the headlines bring proof of Europe's power to set aside Acts of Parliament

The job of making ministers answerable is now being taken over by others besides the Commons. It was the courts and the press that forced a reluctant government to set up an inquiry into the arms-related exports to Iraq. And the entire brouhaha over Mr Portillo's European directive would never have impinged on public consciousness were it not for the press.

Mr Portillo's insistence that European law must be rigidly obeyed no matter how flawed showed a healthy respect for the judges. In recent years the senior judges, sensing the constitutional gap created by an increasingly powerful executive and an ever more supine parliament, have started developing judicial review as a way of constraining the excesses of central government and other public bodies.

Westminster is losing power to other groups: to quangos over which it has comparatively little control, the financial community – it is pointless for MPs to tramp through the voting lobbies to deliver a verdict on the 400-page Finance Bill when ministers admit they cannot control the money markets – and to Europe.

Almost every day the headlines bring further proof of Europe's power to set aside British Acts of Parliament – whether it is ex-army women suing for unfair dismissal or fishermen wanting to overturn UK limits on the number of days they can spend at sea. European law has taken precedence in areas governed by the Treaty of Rome ever since Britain joined the Community in 1973. But only now is the reality starting to hit home.

And what is the input of the British parliament – as opposed to its ministers – to European law? As Mr Portillo and the European directive showed, it is virtually non-existent. Westminster MPs are powerless to change European legislation.

The remedy for this abdication of democratic responsibility lies in parliament's own hands. There are some small grounds for optimism. The Liberal Democrats and the Labour party have reform on their agendas. There are also signs that opposition and government will agree on the modest changes recommended by the all-party Jopling committee.

But it is time for a whole raft of more far-reaching proposals. A new system of scrutinising legislation – including proposed new European laws – when still in the drafting stage is a possibility. Proper support staff for select committees so they can better monitor government departments and quangoes is another. And there must be greater transparency in all areas – notably in government and Commons appointments.

Yet there is another dimension to the way power has passed from Westminster. When economies and industries are run on a supranational level, why should law-making be limited to individual countries?

Sue Cameron

The author presents BBC2's Newsnight. She has completed a film, Westminster: Condition Critical, examining the role of the Commons, for BBC2.

A damaging diversion

Rows over Pakistan's nuclear capability will not help attempts to bring stability, says **Stefan Wagstyl**

An admission this week by Mr Nawaz Sharif, former Pakistani prime minister, that his country has the atomic bomb comes at a difficult time for Pakistan.

Following soon after reports from Germany that Pakistan is a possible destination for plutonium smuggled out of the former Soviet Union, Mr Sharif's claim will heighten international concern about Pakistan's nuclear programme.

It has also inflamed relations with Pakistan's arch-enemy India, which are already tense because of the territorial dispute over the troubled region of Kashmir and because of Indian allegations that Pakistani secret service agents helped organise terrorist bomb attacks in Bombay last year.

Mr Sharif's admission was promptly denied by the Pakistani foreign ministry which said, as it has before, that Pakistan has the technology to make atom bombs but has decided not to manufacture such weapons. Nevertheless, the former prime minister's claims will make it easier for Pakistan's international critics to attack Islamabad over the nuclear issue, the biggest point of tension between Pakistan and the west.

These developments could undermine prime minister Benazir Bhutto's efforts to stabilise Pakistan after the domestic political storms which have accompanied the country's transformation in the past five years from a military dictatorship into a fragile democracy. Pakistan's political stability is important not just for Pakistanis and their immediate neighbours – an unstable Pakistan, vulnerable to the influence of Islamic fundamentalists and armed with the means to make atom bombs, would be a danger to all.

To avoid instability, Ms Bhutto, who took over as prime minister from Mr Sharif after a general election victory last autumn, must bring economic and social progress to one of the world's poorest nations. But she will find it difficult to do this, if her attention is distracted by rows over nuclear arms. Indeed, Mr Sharif, whose government collapsed last year amid arguments with the powerful army and with the then-president, Mr Ghulam Ishaq Khan, and who now leads the parliamentary opposition, seems to have been trying to embarrass Ms Bhutto. As the Pakistani foreign ministry said, Mr Sharif's words were "a political statement made by a politician".

AP

Bhutto: nuclear issue has damaged Pakistan's ties with the US

Ms Bhutto herself acknowledges the damaging impact of the nuclear issue on Pakistan's ties with the US and other western countries. "We believe that it is not right that the relations between Pakistan and the US be only one-dimensional – that is only on the nuclear issue," she told the FT in a recent interview.

In any event, Ms Bhutto has recently been making some progress towards bringing stability to Pakistan. Her first government, in 1988-89, lasted only 20 months before it was toppled by the politically-powerful army and its ally, Mr Ishaq Khan, the then-president. Her second administration has had a much better start. Ms Bhutto herself, now 41, has established her personal authority: she has got to grips with the tough world of Pakistani politics. The army, under an avowedly non-political chief of staff, has conspicuously stayed out of politics. Also, Ms Bhutto has been able to manoeuvre Mr Farooq Leghari, a close aide, into the presidency, replacing Mr Ishaq Khan.

Ms Bhutto had the additional good fortune not to succeed Mr Sharif directly. Between Mr Sharif's resignation and her election, Pakistan was ruled by a caretaker, Mr Moeen Qureshi, a former World Bank economist. Mr Qureshi cut public spending and launched pro-market economic reforms in exchange for emergency loans from the International Monetary Fund. Ms Bhutto came to office only after the balance of payments crisis that precipitated Mr Qureshi's call to the IMF was over.

Despite some back-sliding, Ms Bhutto has mainly stuck to Mr Qureshi's programme. She has reduced the fiscal deficit, imports and bank lending – all of which soared under Mr Sharif. While inflation remains high, running recently at 11 per cent a year, both the IMF and the World Bank have praised the government's performance.

Admittedly, so far, economic growth has been weak, held back by poor crops of cotton, the country's principal export. But, after recent modest increases in gross domestic product – the economy expanded by an estimated 4 per cent for the year ending June 1994 – Ms Bhutto's officials believe that, given good harvests, Pakistan can expect 7 per cent GDP growth in 1994-95.

Pakistan has no intention of even capping its nuclear programme unless India also does so

The government is also making progress with economic restructuring. Measures taken include cuts in import tariffs, deregulation, privatisation (notably preparing to sell shares in PTC, the state-owned telecommunications monopoly) and making the rupee fully convertible on the current account in the 1994-95 budget.

Industry is responding. In June, ICI Pakistan, the 61-per-cent-owned affiliate of ICI, the British chemicals group, announced plans for a $350m synthetic fibre materials plant – one of Pakistan's largest-ever industrial investments. International bankers are close to approving the $2bn 292 megawatt oil-fired power station project on the river Hub, a joint public and private-sector scheme. Meanwhile, stocks on the Karachi Stock Exchange have soared 70 per cent since Ms Bhutto came to office, largely on the back of the international popularity of emerging markets earlier this year.

Yet further economic advances will depend on Pakistan building on its relative political stability.

Ms Bhutto boldly insists that she is as secure as any democratically-elected leader. "We don't have a democracy in name [any more]; we have a democracy in fact," she says. But, given the country's record for political turmoil, such a claim seems premature.

First, the army still looms large in public life, with fully one-third of the budget spent on defence. While General Abdul Waheed, the chief of staff who took over in early 1993, has kept out of politics, his successors may not.

Moreover, if Pakistan is to be a true democracy, its National Assembly (parliament) needs to be more representative. More than 50 per cent of the assembly is drawn from the rural landowning class, which constitutes less than 5 per cent of the population. Most Pakistanis still have little political voice. They are poor, badly educated and vulnerable to manipulation by Islamic fundamentalists.

Also, the landowning elite runs the country largely for its own benefit. There is widespread undermining of public institutions through corruption, nepotism, and violence.

Ms Bhutto hopes to spread the country's wealth beyond the elite through a five-year $8bn Social Action Programme, supported by international donors and designed to improve education and health services. Schooling in Pakistan is particularly inadequate, with just 29 per cent of school-age children enrolled in the late 1980s, compared with 68 per cent in India, according to UN data. The problems lie in SAP's implementation – for example, making sure teachers in backward districts do not abandon their villages for the comfort of nearby towns.

These ambitious social plans could be fulfilled more easily if Pakistan scrapped its nuclear programme. US economic aid, withheld from countries suspected by Washington of having bomb-making technology, would immediately resume. With it would probably come more foreign trade and investment.

But Islamabad is most unlikely to abandon its nuclear know-how. It has no intention of even capping its nuclear programme at current levels unless India also does so. India will not consider such a move unless China and other big nuclear powers also call a halt to weapons development.

Mr Sharif's outburst does not change these realities. But by drawing the world's attention to truths which Pakistan prefers to keep hidden he has done his country no favours.

LETTERS TO THE EDITOR

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Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Conveniently ignoring the facts

From Sir Peter Levene.

Sir, I cannot let Mr Reamsbottom's unfounded assertions which were made in the letters column (August 23) go unchallenged.

On the subject of consultancy and market testing, Mr Reamsbottom is ignoring the facts which do not fit his preconceptions.

Far from the government not providing detailed evidence to back up the claims about market testing savings, this information is publicly documented and is available in the Citizen's Charter Second Report and in the detailed information provided to the Treasury and Civil Service Committee.

I deduce that the figure of £39m which Mr Reamsbottom claims has been "run up" on consultancy costs for market testing has in fact been compiled from adding together the amounts which were contained in three parliamentary answers – covering different periods, answering differently framed questions and risking triple counting!

He should also know better than to claim that the Efficiency Unit prevents in-house civil service teams from competing in market tests – the bidders for each competition are decided on a case by case basis within individual departments.

Peter Levene,
Efficiency Unit,
Cabinet Office,
70 Whitehall,
London,
SW1A 2AS

NI loophole was the law

From M S White.

Sir, It was disappointing to read Mr Peter Lilley's reported remarks ("Lilley takes shine off City bonuses", August 24) about "companies and their accountant advisers who devise ways of paying earnings which avoid their liability for National Insurance contributions". Mr Lilley would do well to remind himself that it is Parliament, not the electorate, that makes the law.

National Insurance legislation explicitly defines what is, and what is not, "pay". The choice confronting companies is (or was) simple: payment in cash carried a 10.2 per cent surcharge, payment in kind did not. Which would the social security secretary recommend employers choose, given the free choice provided by law?

Perhaps Mr Lilley might more productively turn his attention to the wasteful practice of running two parallel tax systems (one national insurance), requiring two administrations, two collection agencies and two sets of legislation.

M S White,
Luton,
Bedfordshire LU3 4EJ

Charterers have only themselves to blame

From Mr K D Shilleto.

Sir, I refer to Charles Batchelor's article, "Oil companies using older tankers" (August 23).

Charterers of crude oil and product tankers have only themselves to blame if charter rates go through the roof over the next two to three years. Blind concentration on the "bottom line" when negotiating with a surplus tanker constituency has driven shipowners to cut operating and safety standards to the minimum and postpone plans to build a replacement fleet.

A widening gap separates the number of very large crude carriers reaching their 20th birthday by 1997 and new VLCC building contracts. Strong demand for large dry bulk carriers is filling up the berths that could be producing tankers, further delaying the date when new oil tonnage will be available. Companies like Exxon should be chartering for period new and modern tankers today not "over the next two years". Only this encouragement can fill the gap in availability that will otherwise drive freight rates upwards by several factors. Not that oil companies will lose. They will recoup all and more at the petrol pumps.

That there has been no catastrophic oil spill since the Exxon Valdez is more a matter of chance than industry concern about the risks.

K D Shilleto,
director, Intermaft,
11 Grosvenor Crescent,
London SW1X 7EE

Let market forces dictate on milk

From Mr Bobby Lawes.

Blaming the CAP for the current traumas of the UK dairy industry overlooks the fact that all other EU countries have dynamic and relatively stable dairy industries without Milk Marketing Boards. Also, the whole of Europe has excess capacity following milk quotas.

Your leader "Milk shakes" (August 24) welcomes deregulation of the market, as we do, but the question is how to transit from A to B. The problem has been caused by the Milk Marketing Board inventing the new scheme – self-preservation rules. The alternative would be to "jump start" direct trade between producers and processors, and then allow the market forces to determine prices, as in the rest of Europe.

A scheme along these lines has been put to government in Northern Ireland but, so far, it appears to have fallen on deaf ears.

Bobby Lawes,
managing director,
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Elmfield Road,
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Broadband network already available to all

From Mr Alan Bates.

Sir, The development of a national broadband infrastructure, as highlighted by your editorial ("Phone rules", August 23) and by both John Harper (Personal View, "Riding tandem along UK superhighway", August 12) and Jonathan Solomon (Letters, August 22), is one of the most important strategic economic challenges facing the UK – and it is a challenge now being met in full by the British cable industry.

The need to create a shared national infrastructure has been examined a number of times over the past 10 years – including the debate prior to the granting of the first cable licences in 1984, the discussions surrounding the 1991 Duopoly Review and most recently by the Trade and Industry Select Committee.

All of these discussions have concluded that the best way to bring the benefits of improved service and cost-effective competition to the local loop is by granting individual local broadband franchises which any company, including BT or Mercury, can own and operate. This is bringing real choice and enhanced service to residential and business users and leading to the development of the world's most advanced, fibre-rich networks, giving Britain a real competitive advantage.

A change to the regulatory framework will threaten the £10bn privately financed investment being made by cable operators, which is delivering the broadband revolution to UK consumers. If BT, or other national telephone companies, want to benefit from this revolution, the rules are clear. BT is not banned from the delivery of broadband or broadcast services, but to provide them it must use the existing licensing process and franchise system, on the same basis as other operators.

We must remember that the "superhighway" is not one wire stretching from John O'Groats to Land's End, but rather a network of networks. The cable companies are building their infrastructure parallel to existing BT facilities; operators interconnect with BT and Mercury for trunk connections and between themselves on a regional basis, and we will no doubt reach agreements with other new network operators such as Energis.

In Europe, single network, state-owned telecom companies are not delivering broadband services to their customers – they have no real incentive to do so.

In the UK the diversity of telecommunications service to the end user is creating the competitive environment needed for truly successful infrastructure development. It is this that will lead to the development of applications and services needed to ensure that the full potential of these new networks is realised.

Alan Bates,
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FINANCIAL TIMES

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Friday August 26 1994

China's next revolution

There can be no turning back. After a 15-year roller-coaster of market-led economic growth, China is set on a path which will change it from a largely agrarian society to an urban one. The report prepared for the government by the National Academy of Social Sciences makes that aspect of China's future clear enough. What the country's rulers appear to see less clearly is that they must change with it.

Many of the changes in China which the Academy expects to occur over the next few decades are already well under way. By 2010, the study predicts that half the population will live in towns, compared to 28 per cent today. Twelve years ago, the proportion was barely 10 per cent. It was the poverty afflicting the remainder, in the countryside, which drove the government's first moves towards liberalisation in 1979, when it freed most of the rural goods markets. Yet the steady marketisation of the rest of the economy in the years which followed is still causing mass migration which the country's rulers struggle vainly to control. With urban incomes some two and a half times rural ones in 1992, it is not hard to see why.

The mushrooming of the towns and cities has made the cracks in China's new economic structure worryingly apparent. The current distribution network ill serves the cities' growing demand for basic staples. A large part of the 22.7 per cent increase in urban consumer prices in the year to July was due to rising food prices. These, in turn, were the natural consequence of the government's erratic attempts to lift its last remaining price controls on essential foodstuffs.

Rapid urbanisation

Conclusively lifting the restrictions on food prices is a necessary, but by no means sufficient, element of any attempt to manage China's rapid urbanisation. Artificially low food prices can only fuel faster migration, thus adding to the strains on the system. Agricultural prices fell by more than a third relative to industrial ones over the period 1988-93; the recent rise is a necessary correction. Unfortunately for the government, it is not a popular one: rising food prices and shortages threaten to cause considerable urban unrest, not least because traders, both wholesalers and retailers, exploit the situation with capitalist ingenuity.

The problem is symptomatic of China's structural growing pains as it continues a second decade of double-digit economic growth. So, too, is the government's reaction. At the root of the disquiet in the cities is the fact that the distribution system which takes food to the cities is grossly under-developed, while the zeal for profit at different stages of the chain is rather more mature.

Reference prices

In addition to sporadic injections of extra food supplies, the government has tried to address the issue by re-introducing "reference prices" for staple food items, with penalties for those who charge more. An official statement this week promised to monitor retailers even more vigorously. At the same time, officials have declared that the government will henceforth take a stronger role in distributing food from country to town, in order to improve supplies and stabilise prices.

Both policies are misguided. The government cannot prevent traders from taking advantage of goods shortages in the cities. Nor can it hope to mimic the market efficiently if it takes a more active role in the wholesale sector. A deeper, more competitive market in the distribution of food and other goods is less, not more, likely to develop while government intervention is so unpredictably heavy-handed. Such a command and control manner of regulating economic problems is ill-suited to China today.

The government's role in the *market economy* which *China is* rapidly becoming may have to be more laisser faire, but this does not leave it nothing to do. Markets must operate, not according to "reference prices", but a framework of legal rules. Ultimately, it is the lack of such a framework which fuels the micro-economic resentment of profiteering, and the macroeconomic instability which trouble China today. This is the challenge of the future which China's government must face: using yesterday's methods to tackle the symptoms is no solution.

A qualified success story

The first results for the new advanced-level General National Vocational Qualifications (GNVQs), announced yesterday, deserve at least a qualified welcome. They suggest that the government might have found the right vehicle for delivering desperately needed improvements to the UK's skills base.

It is not before time. By international standards, Britain's record on vocational training is appalling. According to the National Institute of Economic and Social Research, 64 per cent of Britain's workforce has no vocational qualifications. In Germany, this figure is only 36 per cent. In that light yesterday's news that at least 50,000 16-year-olds will be embarking on the new qualifications next month, and that the pioneer students who took the two-year pilot enjoyed more success looking for university places than rivals with academic A-levels, is encouraging.

This was exactly the intention. Advanced GNVQs, referred to by ministers as *"vocational A-levels"* are broader than national vocational qualifications (NVQs), which are meant to be taken in the workplace and commit trainees to narrower fields such as plumbing and bricklaying. By contrast GNVQs are offered in subjects such as "manufacturing" and "health and social care". Successful GNVQ candidates can use *their qualifications either to apply* to university or to move into the world of work.

Employers impressed

Employers may well be impressed by the fact that only a third of the candidates who set out on pilot GNVQ courses two years ago completed them. On this year's evidence, the qualification cannot be dismissed as a soft option. But so much weight has been put on the qualifications that further improvement is still necessary. The Department for Education appears to have recognised this, and has presented the bodies which award GNVQs with a six-point series of reforms. It is imperative that they are implemented if the respect of universities and employers is to be maintained.

Ministers want tougher objective testing, better training for external verifiers, and clearer grading. At present, with most coursework being assessed by colleges funded in part according to their students' success rate, there is a worrying potential conflict of interest. The pilot scheme was heavily policed by government inspectors, who passed the results with a clean bill of health, but much more rigorous internal checks and balances will be needed.

Theoretical grounding

The education department also wants clarification of what knowledge is needed for a GNVQ. Without this, GNVQs might fall victim to a problem which has bedevilled NVQs, which are designed to test candidates' competences, rather than their knowledge. Critics complain that this produces trainees without sufficient theoretical grounding in basic mathematical and scientific principles. And as a result the government is now spending £31m on a review of the structure and content of all existing NVQs.

In continental European training schemes, vocational courses are studied alongside discretely taught general education courses, in mathematics and language. Such basic skills should be explicitly required in GNVQs, and tested independently.

Ultimately, the government's problems concerning both assessment and knowledge can be solved by reforming A-Levels, so that more subjects can be studied – a move which ministers regrettably refuse to consider. This would allow GNVQ candidates to gain the right basic skills by taking separate A-levels in maths, sciences or foreign languages as appropriate.

The remaining question-marks over assessment of *GNVQs could* be removed by making them conform to the same assessment criteria as practical A-level subjects such as art, where roughly 40 per cent of work is externally assessed and other coursework is left for teachers to assess. GNVQs would then carry just as strong a guarantee of impartial marking as the widely respected A-level.

But all of this is in the future. For now, the awarding bodies must ensure that the government's list of reforms is fully enacted. If they do this, they will deserve unqualified praise.

The bear has a sore head

Russia's healthcare system faces collapse. Linda Bilmes and John Lindquist examine the political struggle over reform

As the healthcare debate in Washington nears a climax, an equally fierce struggle is getting under way in Moscow. Faced with a growing public health crisis, President Boris Yeltsin issued a decree requesting the Russian ministry of privatisation to tackle healthcare. Its proposals are now being debated in the health committee of the duma (lower house of parliament); if implemented, they will result in radical market-based reforms.

If one thing has brought home to Russians the disastrous decline in their economy over the past three years, it is the *near-collapse* in the country's public health system. Since 1992, male life expectancy has fallen from 63 to 59 years – 14 years below the average in countries belonging to the Organisation for Economic Co-operation and Development. Rising infant mortality, and a jump in stress-related deaths such as heart attacks, alcohol poisoning, as well as suicide and homicide, are all responsible for the decline. In addition, infectious diseases almost forgotten in the west, such as diphtheria and typhoid, have become common. Last year, for the first time since the second world war, more Russians died than were born. "Russia's trends since 1991," says demographic expert Mr Nicholas Eberstadt of the American Enterprise Institute, "have been very much like a country convulsed by war."

The public health crisis follows a precipitous drop in spending. Funding for healthcare in Russia was already low by international standards – about 3 per cent of gross domestic product compared with 6 per cent in the UK and 12 per cent in the US. For the past two decades that 3 per cent has been misspent, thanks to financial incentives which reward inefficiency and poor treatment. Over the 12 months of 1991, however, real healthcare spending dropped by 39 per cent. Despite the introduction of employer-paid compulsory medical insurance, real expenditure in 1994 is still expected to be at least 10 per cent below 1991 levels.

Lack of money has led to a freeze on capital investment, at a time when the condition of most Russian hospitals is appalling. A quarter lacks sewer connections, a fifth is without central heating, and nearly half does not even have a bath or shower on the premises. One leading hospital in Moscow has resorted to putting cats into the operating theatres to control mice and *vermin*.

These problems are set to worsen. Russian enterprises, which have traditionally provided a decent quality of healthcare for employees and their familes, are getting rid of "social assets" such as hospital beds to compete more effectively in the new market economy. They have already reduced their share of beds from 10 per cent to less than 3 per cent of the total, and will soon begin to phase out their "polyclinics" (which combine general practitioners and specialists).

One of the most serious aspects of the crisis is the drastic reduction in the supply of essential drugs. In 1992, Russia produced 59 per cent of its requirements for cardiovascular drugs, with most of the remainder imported cheaply from eastern Europe. By 1993, Russia produced only a third of these drugs and due to hard currency imports met only 65 per cent of total demand. Because of the collapse of distribution, the ministry of health estimates that 45 per cent of demand for basic drugs will go unfilled.

The result is the rapid development of a black market in healthcare. Prices are quoted freely for most procedures; you can pay a set fee (to a hospital official, doctor, or even a worker in the laundry) to jump waiting lists for operations; and even children and pensioners, who are supposed to receive free medicine, must pay for the most basic drugs. Doctors supplement their official salaries of £100 per month with under-the-table payments from patients. In the case of specialists, these payments can increase their earnings as much as tenfold. Almost every hospital service can require a "tip" – even a bedpan has its price.

Reformers have now placed healthcare at the top of Russia's political agenda. They blame the communist system for a legacy of poor healthcare, while hardliners see the current crisis as a byproduct of reform. "Our opponents will try *to use this issue for a fantastic* political battle between communist politicians and reformers," says deputy privatisation minister Mr Dmitri Vasiliev, one of the architects of Russia's privatisation programme. "But if we can find a mechanism to improve quality, it will be a major political advantage, showing that reformers can improve people's lives."

Ironically, among Mr Yeltsin's most intransigent opponents to reform of the system are the communists who run the ministry of health. Already bruised by decentralisation measures three years ago, and reluctant to give up more power, the ministry has failed to offer any plan for improvement. Consequently it is the privatisation ministry which has become the driving force of reform.

Its draft "Law on Privatisation of Health Facilities, Pharmacies, Medical Supplies and Pharmaceutical Industries" would enable healthcare providers to choose one of three routes: they could become non-profit organisations, limited partnerships, or joint stock companies. The proposals would not completely privatise healthcare providers but would permit them to become semi-private hybrids with greater autonomy. The idea is to enable hospitals to become a Russian version of the UK's National Health Service Trusts, run and managed by doctors, with the land and buildings leased from the state. The Trust could seek partners in the private sector, among companies affiliated with the medical sector (drug companies, medical insurers, equipment suppliers).

In polyclinics, the aim is to introduce greater competition and patient choice. For example, individual doctors would be able to set up on their own as general practitioners. Polyclinics could also opt for one of the privatisation routes. The duma would need to pass legislation to enable non-profit organisations to be created.

The new law would require the new healthcare entity to pledge to provide free healthcare to the local population, maintain capacity, and provide training as required by the ministry of health.

In the pharmaceutical industry the government is likely to retain a controlling stake for the time being. Pharmacies, wholesalers, and manufacturers of drugs and medical equipment would be privatised, according to the existing laws on state-owned assets, already applied in most other sectors of the economy. This aspect of the privatisation ministry's plan is a crucial step in helping to unblock the supply of drugs. Similar privatisation measures among food wholesalers increased the supply of fresh vegetables by up to 40 per cent.

Lack of money has led to a freeze on capital investment, at a time when the condition of most hospitals is appalling

The ministry believes that by introducing market mechanisms, health providers will have an incentive to rectify problems such as excessive hospitalisation (the average length of stay in hospital is about 22 days), little attention to screening and disease prevention, and unsympathetic, surly care. However, this is the first time that it has attempted to apply market forces to a social service. "Our approach to privatisation in the social sphere fundamentally differs from the material one in its aims and objectives," says Mr Vasiliev. "We want to provide better services to the population, and the basic means to achieve this is by introducing competition."

Mr Vasiliev admits that the privatisation ministry's current thinking is "very very rough". *But he is adamant* any new healthcare system must guarantee universal access and special protection for children, pensioners, and needy groups. "In truth, rich people can pay but the system doesn't work at all for the majority of people," says Mr Vasiliev.

Ms Natasha Sipiashvili, a ministry representatives on the duma health committee, says the draft proposals will be discussed in committee during the autumn. "In our experience," she says, "the duma won't refuse to discuss a controversial topic. They just won't move forward. But in this case, President Yeltsin himself is interested, so the discussions are likely to receive attention." The ministry aims to secure the enactment of a healthcare reform bill by next year.

One complication is finance. Russia is still struggling to implement a 1991 law which decentralised healthcare funding to the regions and introduced compulsory medical insurance – a 3.6 per cent payroll tax paid by employers. The insurance scheme was supposed to become a significant source of revenue but it has not. According to Dr John LeSar, who has just completed two years as director of environment and health for the US Agency for International Development in Moscow, "the main problem is the complete lack of skills in the insurance sector, and in contracting, building statistical databases on costs, and managing the funds and transfers. Also, the system is *seriously* underfunded."

In the first half of 1994, compulsory medical insurance funds covered 20 per cent to 50 per cent of official health expenditure, varying by region, with the remainder financed by local and national government. However, the tax is garnering only 70 per cent or less of expected revenues. According to a study by the Boston Consulting Group, even if yields could be increased to 95 per cent, it would require a 20 per cent boost in local government spending, or an increase in the tax to 5 per cent, to restore Russia's healthcare spending to 1991 levels. "Without changing the financial picture," says Mr Vasiliev, "it will not be possible to accomplish our objectives."

The conservative duma, facing elections in December next year, will be watching public opinion closely. At present, opinion is finely balanced. In a recent nationwide poll, 55 per cent of respondents said they were not satisfied with healthcare in Russia (29 per cent were satisfied); the reason most frequently cited is the shortage of medicine. One the other hand, 54 per cent of respondents agreed with the statement that "the healthcare system in Russia is basically sound and the problems are only temporary", and 52 per cent agreed that "allowing individuals and businesses to run the healthcare system will only make healthcare unaffordable for most Russians."

Nevertheless, both the public and the medical profession seem willing to give market forces a try. In a separate survey, seven out of 10 doctors said that "competition among healthcare providers would result in better care at lower costs". And 78 per cent of the healthcare profession support the Trust hospitals idea. Among the public, 55 per cent say they would happily go to such Trust hospitals, regardless of whether they are non-profit or profit-making.

Perhaps the most striking result in the nationwide poll is the extent to which Russians are worrying about the future of their healthcare system. Fully 70 per cent of poll respondents say they worry "a great deal" that they "might be required to pay" for their family's *basic* care. This figure cuts across all regional and demographic lines, and rises to 81 per cent who worry about their ability to pay for a catastrophic illness.

"If I look at the situation in healthcare, and I look at the poll numbers, and I look at the lack of any credible alternatives, this issue looks like a clear winner for the *reformers," says Professor Jonathan* Hay, an adviser to the privatisation minister Mr Anatoly Chubais.

The reformers must convince the public that Russia's healthcare problems stem from years of communist ineptitude: not simply the poor economy. As Mr Eberstadt points out: "It's not inevitable economic crisis leads to healthcare crisis. When Latin America and the Caribbean had a debt crisis, and their economic output dropped by a third, their levels of mortality did not just shoot through the roof."

Some government officials fear that communists and anti-reformers will seize upon the public's anxiety over healthcare and turn it to their advantage. "People's anxiety is not organised or vocalised at present," says Dr LeSar, "but could easily become so, if the anti-reform movement took up the issue. All it would take is a catalyst: somebody being turned away from a privatised clinic, or a cholera epidemic, for this to become an organised protest."

With reports of cholera at a Moscow railway station, and confirmed cases in the south of Russia, there is no doubt that the stakes for the reformers are *high*. It is ironic that in both the US and Russia, with vastly different healthcare systems and approaches to medicine, public health has risen to the political forefront at the same time. With presidential elections set for 1996 in both countries, the healthcare issue is unlikely to go away.

The authors, of the Boston Consulting Group, are advising the Russian government on healthcare reform

OBSERVER

Aesthetic machinations

■ Alvar Gullichsen, a Finnish artist, is taking Helsinki by storm. A kind of latter-day Heath Robinson, Gullichsen invents fanciful but functionless "bonk" machines.

Bonk came into the world to cheer up the people of the small town of Nystad – in south-west Finland – *which was hit by serious* unemployment when recession struck the local Saab assembly plant. Gullichsen set his associate, Henrik Heliö, to produce bonk machinery such as the Bonk Freakwave Transmuter, the Bonk Electromagnetic Diviner, the Raha Hiff Bonk 600.

Since then the bonk craze has swept the country. Heliö now has 10 assistants turning out bonking machinery at his Nystad workshop. The Bonk Calendar – which focuses rather more on Miss Bonk than bonk machines – is, incidentally, most decorative.

Victor ludorum

■ It's been a busy month for Lord Mishcon, the 79-year-old Labour peer. What with acting on behalf of Lord Palumbo in a trust fund spat with two children from his first marriage; helping Lady Diana in her mission impossible; and finally assisting Lord Archer in his difficulties with Anglia TV shares, Mishcon can't have had much of a summer break.

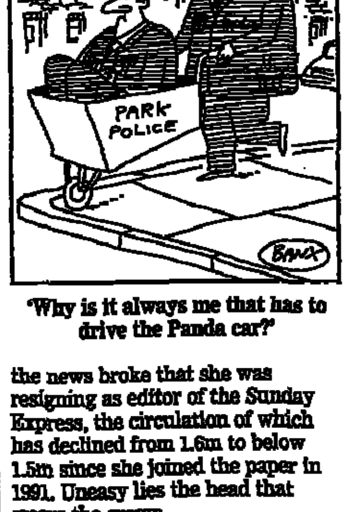
Oddly enough, Anglia TV used to be a client of Lord Mishcon's firm. When Victor Mishcon merged with partners from Bartletts, de Reya in February 1988 – forming Mishcon de Reya – one of the clients brought along by Bartletts was Anglia TV which, since 1987 as the whole world by now knows, has numbered among its non-executive directors Mary Doreen Archer; though Anglia *TV now gets its advice elsewhere.*

The Palumbo-Mishcon-Archer network goes back to 1974, when Jeffrey Archer was seriously strapped for cash. Archer's friend, Peter Palumbo, offered Archer the services of his solicitor, Mishcon, who dissuaded Archer from declaring himself bankrupt. "Without that gift I'd have gone under," Archer said recently. The rest, as they say, is history.

Express delivery

■ Eve Pollard, resplendent in a skin-tight navy-blue dress and high heels, was yesterday morning in fine fettle, looking "much happier than normal", according to Observer's pals within United Newspapers' HQ. Apart from a moan about the UN board getting agitated about competition from colour magazines, Pollard was positively beaming, if a little perturbed about budgetary pinches.

And lo! A couple of hours later the news broke that she was resigning as editor of the Sunday Express, the circulation of which has declined from 1.6m to below 1.5m since she joined the paper in 1991. Uneasy lies the head that wears the crown.



'Why is it always me that has to drive the Panda car?'

French leave

■ The dismissal of Chung Myung-whun as music director of Paris's Opera Bastille is causing a furore back in his home country of South Korea. His compatriots regard the sacking as an insult to their national honour, even though Chung is now a US citizen.

One Seoul newspaper has suggested Korea retaliates by cancelling its contract to buy French high-speed trains, while the ministry of culture has lodged a protest with the French embassy.

More cannily, the Korean government hopes to exploit the fracas by using it to get France to return ancient royal Korean documents, removed to Paris a century ago by a French military expedition. Chung's case will be sacrificed if the papers are returned; *in which case his next performance* will no doubt be *The Miraculous Mandarin.*

Munk & Co

■ When Brian Mulroney, the ex-Canadian prime minister, joined the board of Peter Munk's American Barrick, the feisty North American gold producer, it looked like the Hungarian-born entrepreneur was just adding another trophy name to his letterhead.

However, word is Mulroney has been earning his keep. He has been jetting around the world on American Barrick business introducing executives to the president of Bolivia and opening doors in China. Indeed, an awe-struck Barrick official recounts how Mulroney called him from Russia this week to find out how the bid for Lac Minerals was going. Mulroney was asked whether he was speaking from a secure line. It could hardly be more secure, was the response: "Boris Yeltsin is in the room next door."

However, one member of Barrick team who doesn't seem to have been earning his keep is Munk's highly-paid new spin-doctor, David Wynne-Morgan, the former head of Hill & Knowlton's European operations, hired two months ago. Since then Munk has done two of his most ambitious deals – Horsham's bid for a chunk of Trizec and now Lac Minerals – and Wynne-Morgan has missed most of the action.

The excuse seems to be that his contract doesn't start till September 1 and anyway he has been counselling Munk by satellite phone and fax from the QEII where he has been lecturing passengers.

Better check the fine print in those share options, Morgan.

Retrofit

■ Help. What on earth do you do when you get the following letter from the Bank of Scotland?

Dear Sir, we hereby give you notice that by retrocession dated 2/8/94 Bank of Scotland have retrocessed, reponed and restored…"

Answers please to Lyndon Jones, managing director, Pointon York, (Fax No 0533 548529), who promises a bottle of champagne for the best English translation.

Jones' decision will be final and Bank of Scotland officials are not eligible to enter.

FINANCIAL TIMES
Friday August 26 1994

Clinton faces criticism over hard line on Cuba

By James Harding in Washington and Stephen Fidler and Damian Fraser in Mexico City

Mexican government agrees to take 'some, not many' refugees

The Clinton administration yesterday faced growing opposition from both Republicans and Democrats over its refusal to begin comprehensive talks with Cuban president Fidel Castro as the exodus of refugees from the island continues.

Senator Chris Dodd, Connecticut Democrat and a member of the Senate foreign relations Committee, said: "Some open negotiations with Castro makes sense. It's anachronistic not to do it."

His criticism was echoed by senior Republican Senator Richard Lugar, who said: "The administration is going to have to deal with Fidel Castro ... in the same hard-nosed way that we've tried to deal with Kim Il Sung and his successor over in North Korea, or with the Chinese, or with other people we don't care for."

However, Mr Peter Tarnoff, US undersecretary for state, yesterday reiterated the US refusal to begin comprehensive talks with Cuba, despite Mr Castro's proposal of direct negotiations to find "solutions that are real, realistic and would benefit the US as well as us".

Mr Castro, in a 2½ hour speech broadcast in both Cuba and US on Wednesday night, blamed the US policies, especially the trade embargo, for the refugee problem. He proposed broad talks, including discussions of the trade embargo and the US military presence at Guantánamo Bay, to solve the migration issue.

President Carlos Salinas of Mexico, said he had spoken to both sides about the crisis. Expressing concern about deteriorating economic conditions in Cuba, he said his government had agreed to take "some, not many" of the Cubans attempting to flee the island, adding that many Cubans had relatives living in Mexico.

The move came as the Pentagon announced it was reducing the number of civilians at the US Naval Base at Guantánamo Bay, so that up to 60,000 Cuban and Haitians could be sheltered there.

The US State Department continues to hope that the numbers of Cuban refugees attempting to come to the US by boat will drop in response to the new policy announced last week, under which Cuban refugees will not be processed for entry into the US, but will be held in Guantánamo or third-country detention camps until they can be repatriated.

Nevertheless, the administration yesterday expected to announce the setting up of a further detention centre on the Turks and Caicos Islands, a UK dependency. Over 10,000 people have been picked up by the US Coast Guard since the new policy was announced.

Santer to defy expectations with Brussels shake-up plan

By Lionel Barber in Brussels

Mr Jacques Santer, incoming president of the European Commission, is planning a more open, less autocratic style of leadership as well a wide-ranging internal shake-up when he succeeds Mr Jacques Delors next January.

Officials close to him say he intends to introduce a more collegial approach, ending Mr Delors' practice of concentrating power in an inner circle and creating an underground network in the bureaucracy.

Mr Santer, who has been commuting between his native Luxembourg and Brussels, intends to outline ideas on reforming the Commission during a forthcoming tour of European capitals.

Originally dismissed as an uninspiring choice to succeed Mr Delors, the long-time Luxembourg prime minister wants to reorganise the Commission in preparation for his five-year term starting on January 6. His task is harder because of delays by member states in putting forward candidates for commissioner posts, and rivalry over portfolios.

In France, the Gaullist-led coalition is finding it hard to pin down President François Mitterrand, a Socialist, on suitable candidates. Mrs Edith Cresson, a former prime minister and Mitterrand favourite, would be welcomed as a political heavyweight in Brussels – though French claims to the external trade portfolio are being resisted by the UK which wants Sir Leon Brittan to retain it.

Brussels officials are also worried that referendums on European Union membership to be held in Finland, Sweden, and Norway could force delays in agreeing a division of the Commission spoils. "If we carve up the jobs before the referendums, we could be accused of treating the Scandinavians like second-class citizens," said one.

If EU enlargement goes ahead, the number of commissioners will rise from 17 to 21 (including Austria). Mr Santer is said to be confident enough work can be found, but others are doubtful.

An early test will be whether Mr Santer unscrambles one of Mr Delors' most important innovations: the creation in 1992 of a commissioner for external political affairs running a new department called DG1A. Mr Hans van den Broek, the present incumbent, has spent much of the past 18 months scrapping with Sir Leon Brittan who runs external trade, but the Dutchman may leave Brussels next year.

Many officials believe Mr Delors created the portfolio in order to grab powers over EU foreign policy which he failed to gain during the 1991 negotiations leading to the Maastricht treaty. The creation of DG1A antagonised sovereignty-conscious France and the UK, but scrapping it could trigger fears about an over-mighty Sir Leon.

Some officials argue that Mr Santer must switch around portfolios in order to stamp his authority on the new Commission. This would mean moving Sir Leon from trade, the popular Mr Karel Van Miert from competition policy, and Mr Martin Bangemann, the German industry commissioner. But Mr Santer seems likely to reject this argument.

Instead, he is expected to press hard to restore power to the director-generals, the international civil servants whose power was often usurped by the private staff in the cabinets of Mr Delors.This led to the slump in morale which Mr Santer, a genial politician who likes consensus, is keen to reverse.

News Corp boosts profits

Continued from Page 1

A$373m. The book publishing side produced A$208m.

Earnings per share, based on profits after outside equity interests but before abnormal items, rose 12.3 per cent to 64 cents.

News Corporation shares rose initially when the figures were announced, hitting a three-month high of A$9.34. There had been much speculation about the strength of the results, and they had already risen sharply for the week's opening level of A$8.80. However, the shares then weakened during the afternoon, with some brokers attributing the fall to option trading.

Kohl seeks re-election as defender of unity and peace

By Christopher Parkes in Bonn

Chancellor Helmut Kohl yesterday launched his campaign to be re-elected for a fourth term, presenting himself as the defender of unity, peace and stability against an emerging left-leaning front led by the Social Democrats.

Speaking at the unveiling of the election manifesto for the senior coalition parties – his own Christian Democratic Union and finance minister Mr Theo Waigel's Christian Social Union – Mr Kohl declared that Germany had found its place among "the winners for the first time this century".

"For the first time in the history of our country, we have good relations with Washington, Paris and London," he said at a press conference.

The representation of Mr Kohl as broker and defender of international harmony is to be hammered home in a personalised advertising campaign featuring him and world leaders with Tina Turner's song "Simply the best" pounding in the background.

One commercial includes US President Bill Clinton's quote from his recent visit: "I agree with Helmut." One poster shows only Mr Kohl's bulky figure in a crowd, and is embellished neither with the CDU's black red and gold party logo, nor a slogan.

According to the manifesto, it was up to the electorate to decide if Germany should stay in the political centre or should "drift away far to the left". It described the SPD and their allies the Greens, as a "security risk" at a time when dependability and security were needed more than ever.

Mr Kohl pressed home the charges against the SPD, claiming Saxony Anhalt's new regional government, in which a minority SPD/Green government is supported by the Party of Democratic Socialism, represented a "basic qualitative change" in SPD policy. The PDS was communist and communists were "fascists painted red," Mr Kohl said.

"We want enough votes to ensure that what happened in Saxony Anhalt is unthinkable in Bonn," added Mr Waigel, urging a strong turnout at the poll on October 16.

The manifesto document itself dwelt heavily on domestic concerns. There were promises to be hard on crime and generous with housing programmes and family taxation.

There were assurances on maintaining the economic recovery, and long passages on plans to complete the process of unification with the former East Germany.

As Mr Waigel pointed out, it contained "no promises which are unrealistic or which we cannot keep".

THE LEX COLUMN

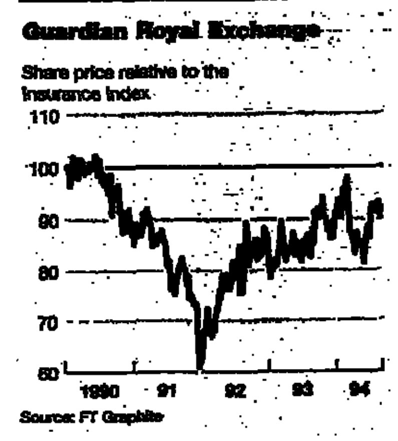
News stands the pain

Any media investors hoping for a quick end to the UK newspaper price war will be disappointed. News International's decision to raise by 15 per cent the advertising rates on The Times and The Sun is a clear sign that the battle for market share has many rounds to go. The rate increases are contingent on The Sun's and The Times' circulations staying above 4m and 600,000 respectively, which could not be guaranteed if cover prices were put up. Having suffered a £45m drop in operating profits in the year to end-June, it makes sense for News International to hang on for the benefits. Not only will advertising revenues rise, but the growth in sales will lead to a rebound in circulation revenues.

Mr Murdoch can also take grim satisfaction from the pain he is causing rivals. The Telegraph's cover price cut has stemmed its loss of market share, but this week's 12 per cent fall in pre-tax profits was worse than analysts expected. All Mr Conrad Black, chairman of the Telegraph, could say was that he was looking forward to the challenge posed by the price war.

Meanwhile, results from elsewhere in Mr Murdoch's empire show how well he can stand the pain. The contribution from News International's 50 per cent stake in BSkyB trebled to £79m. Fears that the satellite group was running out of momentum appear unfounded. The other TV interests of News Corporation, the parent group, are also picking up. There are signs that Fox Network's $1.6bn investment in American football rights is paying off, while the losses from his Asian satellite venture were a modest $20m. Nothing suggests that Mr Murdoch either wishes or needs to change tack.

FT-SE Index: 3234.2 (+29.0)



Source: FT Graphite

Rentokil

Given its remarkable record and self-confident management Rentokil's figures are rightly given a very thorough going over by the City. Yesterday's interims were found wanting. It was not merely that the group met its long-standing target of 20 per cent earnings growth by the merest whisker. It was the underlying improvement that caused concern. Excluding the excellent contribution from Securiguard, earnings would have risen by around 14 per cent, positively pedestrian by Rentokil's standards.

In continental Europe recession bit deeper than expected. But in Australia Rentokil had only itself to blame and, while the management problems have been tackled, it will take some time for the benefits to work through. In contrast the figures from Securiguard were very encouraging and should lay to rest any lingering doubts about the acquisition. The swift improvement in margins to 6.9 per cent suggests it was right to argue there is a market for high quality security services. The company's confidence that margins can reach into double figures within two years looks well-founded. Its success also provides a new business area into which Rentokil can funnel its mounting cash pile through bolt-on acquisitions.

The results should not undermine investor confidence in Rentokil's prospects and, after yesterday's fall, the share rating is near its low relative to the market. Yet the premium is still almost 30 per cent and, as the reaction to the last figures in March showed, the market takes a while to get over a disappointment.

Guardian Royal

It is a measure of the cyclical nature of insurance that a decade ago Guardian Royal Exchange was vying with Royal to be the sector's most highly valued company. Decisions to expand in Italy and build up the UK motor business at the wrong moment put paid to such ambitions. Its market capitalisation is now little more than half Commercial Union's, which was itself the sector laggard in the mid-1980s. If the lesson is that insurance companies benefit from a period of retrenchment, one might wonder whether the tables will be turned again in 10 years time.

Yet the stock market remains suspicious that Guardian is trying to make up lost ground too quickly. Premium income in the first half was 15 per cent higher than in the same period last year – a faster growth rate than its peers. Once accounting and reinsurance changes are stripped out, though, premium growth is a less frightening 11 per cent. And the modest acquisitions which account for 4 percentage points of the increase look sensible. Buying US expertise in non-standard automotive risks, for example, could bear fruit in other countries. There is also the potential for cost savings.

Besides, Guardian made an operating profit in all the countries in which it operates in the first half. That hardly smacks of slack management. With a solvency ratio of around 50 per cent, the balance sheet is strong enough to support growth and still deliver a decent return on shareholders' funds. On that measure, Guardian is outperforming most of its peers.

Slough Estates

It is a sure sign of confidence returning to the property market that Slough Estates is cranking up its development programme. Slough can hardly be counted among the sector's high-rollers. Its decision to increase the pace of development rests on the first hints of increased interest from potential tenants, at least in better quality buildings. While headline rents show no sign of rising – and are still falling for lesser quality space – there is evidence that fewer incentives are required to persuade tenants to sign on the dotted line.

If that trend continues investors will breathe a sigh of relief. The rise in property values since the bottom in 1991 has relied on falling bond yields. Yet recent survey evidence suggests that this year's turbulent bond markets are starting to drag property values down. Sure signs of rental growth will be required if property is to be anything other than a hostage to gilts.

Property companies also need higher occupation rates and modest rental growth to keep profits moving ahead. Much of the improvement in Slough's half year profits arose from lower interest costs as a result of its rights issue. There will be additional benefits to come as the rights money is used to expand the portfolio. But, like the other property companies which asked shareholders for funds last year, that momentum will only carry Slough so far. The green shoots of rental growth cannot come soon enough.

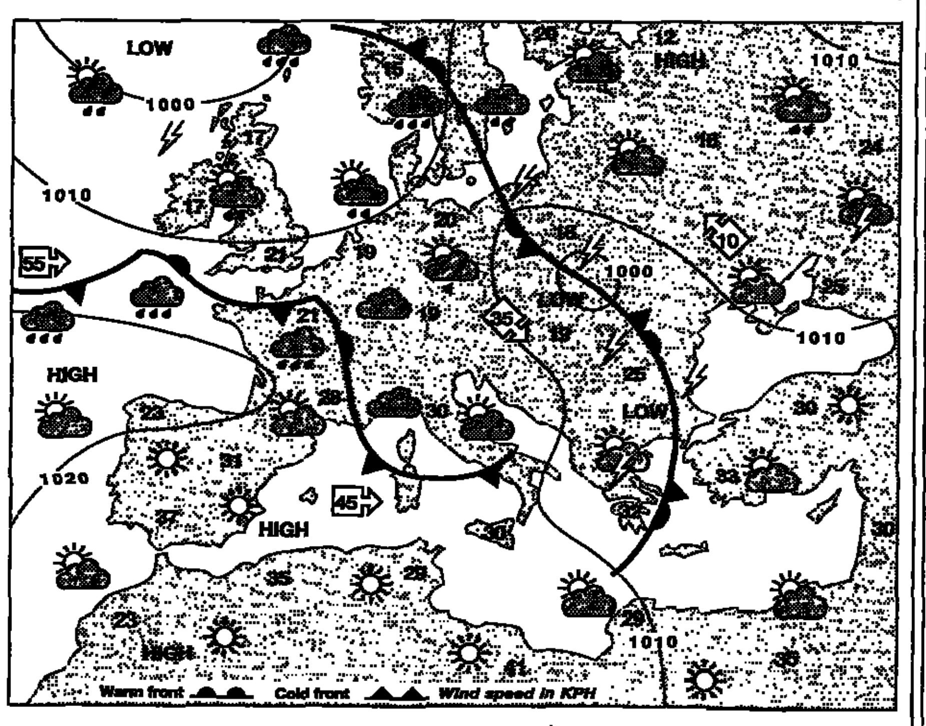
FT WEATHER GUIDE

Europe today

It will be cloudy and rainy over northern France and the southern UK. It will also be cloudy elsewhere in western Europe. Local showers are likely over the northern UK and Germany, with more general rainfall in southern Scandinavia. An active cold front will result in thunderstorms over the Balkan states and northern Greece, with the heaviest thunderstorms forming near the northern slopes of the Carpathians. Ahead of the front a surge of warm air will result in more seasonal conditions over much of southern and central Russia. Most of the Mediterranean countries will enjoy sunny and warm conditions.

Five-day forecast

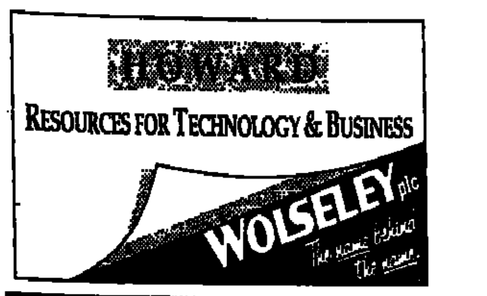
Conditions will be unsettled over western Europe. Strong winds are expected over the UK but it will be calm and sunny in France, except for the northern regions. But during the weekend, a cold front will result in rain and mountain thunder. Heavy thunderstorms will move east from the Balkan states bringing calmer conditions to south-eastern Europe. Spain and Portugal will continue warm and sunny.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	fair	33	Caracas	thund	28	Faro	sun	29	Madrid	sun	33	Rangoon	rain	28
	Celsius		Belfast	shower	17	Cardiff	rain	18	Frankfurt	fair	23	Majorca	sun	29	Reykjavik	rain	13
Abu Dhabi	sun	42	Belgrade	shower	21	Casablanca	sun	21	Geneva	cloudy	23	Malta	sun	31	Rio	cloudy	24
Accra	cloudy	29	Berlin	shower	20	Chicago	thund	30	Gibraltar	sun	27	Manchester	cloudy	18	Rome	sun	29
Algiers	sun	25	Bermuda	shower	32	Cologne	shower	21	Glasgow	cloudy	17	Manila	shower	32	S. Frsco	fair	23
Amsterdam	fair	20	Bogota	shower	18	Dakar	fair	30	Hamburg	fair	20	Melbourne	fair	19	Seoul	fair	32
Athens	cloudy	33	Bombay	rain	29	Dallas	sun	36	Helsinki	fair	20	Mexico City	shower	20	Singapore	shower	31
Atlanta	fair	32	Brussels	fair	20	Delhi	shower	31	Hong Kong	fair	33	Miami	thund	32	Stockholm	fair	21
B. Aires	sun	17	Budapest	thund	22	Dubai	sun	42	Honolulu	cloudy	33	Milan	sun	29	Strasbourg	fair	23
B.ham	shower	19	C.hagen	rain	18	Dublin	shower	17	Istanbul	shower	32	Montreal	fair	28	Sydney	sun	20
Bangkok	rain	31	Cairo	sun	34	Dubrovnik	shower	28	Jakarta	fair	31	Moscow	fair	14	Tangier	sun	27
Barcelona	sun	28	Cape Town	fair	24	Edinburgh	fair	18	Jersey	drzzl	18	Munich	cloudy	20	Tel Aviv	sun	31
									Karachi	drzzl	31	Nairobi	cloudy	25	Tokyo	cloudy	31
									Kuwait	sun	46	Naples	sun	29	Toronto	thund	28
									L. Angeles	fair	25	Nassau	thund	31	Vancouver	fair	21
									Las Palmas	sun	24	New York	sun	28	Venice	sun	27
									Lima	cloudy	20	Nice	sun	27	Vienna	shower	20
									Lisbon	fair	30	Nicosia	sun	38	Warsaw	thund	19
									London	fair	22	Oslo	rain	15	Washington	sun	31
									Lux.bourg	fair	20	Paris	cloudy	22	Wellington	cloudy	10
									Lyon	fair	24	Perth	shower	22	Winnipeg	fair	14
									Madeira	fair	25	Prague	shower	20	Zurich	cloudy	20



FINANCIAL TIMES

COMPANIES & MARKETS

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Friday August 26 1994

IN BRIEF

Saab helps Investor treble profits

Investor, the most important holding company of Sweden's powerful Wallenberg empire, increased pre-tax profits more than three times in the first half, after a strong rebound at Saab-Scania, its wholly-owned vehicle and aerospace unit. Page 17

Krupp Hoesch cuts its losses
Krupp Hoesch, the merged steel and engineering group, has cut its losses to DM47m ($29.9m) for the first six months, from a DM324m deficit for the same period last year. It forecast that it would break even by the end of the year and that steel would be the only one of the six divisions to make a loss. Page 16

Swedbank downgrades forecast
Swedbank, the Nordic region's largest bank by asset value, punctured some of the optimism in the Swedish banking sector by downgrading its full-year underlying earnings forecast because of worries over the national economy. Page 16

MAS faces thorough restructuring
Malaysian Airlines (MAS) will undergo a thorough restructuring in order to boost profit levels. Page 17

Dell back in the black
Net income at Dell Computer, the US personal computer manufacturer, staged a recovery to $28.6m in its second quarter, from a net loss of $75.7m last year, as it refocused on direct sales via telephone and mail order. Page 17

Matsushita rebounds
Matsushita Electric Industrial, the leading Japanese electronics group which makes consumer products under the Panasonic and Technics brands and owns Universal Pictures in Hollywood, achieved a one-third rebound in worldwide net profits to Y8.9bn ($90m) in its first quarter to June. Page 17

GE Capital plans Japanese move
GE Capital, the finance arm of the US electronics group, is planning to move into the Japanese consumer finance market through the purchase of a consumer credit business. Page 18

Rentokil disappoints
Rentokil, the UK environmental and property services group, more than doubled the profits of Securiguard, its recently-acquired subsidiary, in the first half of 1994, but it disappointed the city with only 14 per cent organic profits growth. Page 19; Lex, Page 14

US depresses Willis Corroon
A poor performance in the US depressed interim profits at Willis Corroon, the UK insurance broker. Page 19

Body Shop spills pursued
Body Shop International, the cosmetics and toiletries group, was pursued by local US environmental authorities in connection with four separate releases of liquids from its New Jersey plant in the past two years. Page 19

Rental market buoys up Slough
Slough Estates, the UK's largest industrial property company, announced a 16 per cent increase in first-half profits to £33.3m ($52m) reflecting an improving rental market. Page 20

Companies in this Issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Daimler	812.5	+	17.5
Douglas Hldg	533	+	16
Henkel	628	+	11.5
Linde	944	+	15
Porsche	859	+	18
Falls			
Asko Prf	920	–	15
NEW YORK ($)			
Rises			
Cyrix	43½	+	2¼
Dial	69	+	1¼
Micron Tech	42	+	1½
Falls			
Caterpillar	112⅞	–	1⅞
Intl Paper	72⅞	–	1½
Piper Jaff	11	–	2⅜
PARIS (FFr)			
Rises			
AGF	225.9	+	7.4
Banc Domp	424.9	+	19.9
Cred Nat	457.9	+	15.7
Fonc Lyon	729	+	31
Ind France	465	+	20
Radiotechn	538	+	28
TOKYO (Yen)			
Rises			
Ceramic	688	+	75
Nj Soda	522	+	22
Falls			
Asahi Opt	540	–	20
Kirnitsu	918	–	31
Nippon Bro	742	–	36
Yamaha Mot	831	–	13

New York prices at 12.30pm.

LONDON (Pence)			
Rises			
Charter	521	+	25
Computer'd Fin	124	+	13
Eastern Elect	548	+	26
French Connectn	223	+	8
Kwik Save	649	+	37
Life Sciences	153	+	8
Scottish TV	456	+	13
Smith (WH)	506	+	24½
Telegraph	371	+	11
Tottenham Hotspr	126	+	14
UK Safety	55	+	5
VSEL	938	+	43
Yorkshire Elect	766	+	22
Falls			
Hambro C'wide	49	–	5½
Ingham	74	–	10
Johnson & FB	41	–	3
News Int Sp Div	244	–	13
Pentland	222	–	11½

■ Analysts say results are better than expected ■ Pre-tax profits fall 25% ■ Sales decline 10%

Toyota blames rising yen for downturn

By Michiyo Nakamoto in Tokyo

The severity of the downturn in Japan's auto market and the impact of the sharp appreciation of the yen were highlighted yesterday as Toyota, the country's largest carmaker, announced a 25 per cent decline in unconsolidated pre-tax profits for the year to June 30.

Toyota's pre-tax profits declined to Y214bn ($2.2bn) from a previous Y286.4bn on sales that fell 10 per cent to Y8,155bn (Y9,031bn). The company cited the yen's rise and sluggish demand in its home market and Europe as key factors behind the disappointing performance.

Industry analysts commended the company's results which were in line with, if not better than, expectations and forecast that Toyota would see a rebound after its stringent cost-cutting efforts as the Japanese economy picks up.

The company was able to make Y150bn of savings, of which Y110bn was derived from improvements at the design stage. A further Y40bn was saved by cutting costs at production facilities and in distribution.

However the benefits of these measures were eclipsed by the rapid rise of the yen. Toyota said that the yen's appreciation had cost it Y160bn in operating costs while slower sales cost it Y70bn.

In the domestic market Toyota suffered a 4 per cent decline in sales of vehicles to Y3,215bn (Y3,346bn) while exports declined by 21 per cent to Y2,055bn (Y2,612bn), although this was in part due to increased overseas production.

Consolidated sales were down 8 per cent to Y9,362.7bn (Y10,210.7bn). Group pre-tax profits declined 27 per cent to Y236.5bn (Y322.2bn) while net income fell 29 per cent to Y125.8bn (Y176.5bn). Dividends are unchanged at Y19 per share.

The company expects to see an improvement in its performance in the current fiscal year with the introduction of new models which meet the needs of increasingly cost-conscious customers and as recovery takes hold in Japan and Europe.

Toyota is forecasting a 7.5 per cent increase in the year largely as a result of an expected market recovery and an improved product line-up.

The company believes the Japanese market will increase to 5m units in 1994 against 4.89m in 1993 and expects to see its sales increase from 2.07m units to 2.13m units as a result.

Toyota is moving its year-end to March. In the nine-month period the company is forecasting a pre-tax profit of Y200bn and net profits of Y100bn on sales of Y6,200bn.

Hutchison matches bullish forecasts with 48% surge

By Louise Lucas in Hong Kong

Hutchison Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, yesterday surprised the market with a 48 per cent rise in first-half net profits to HK$3.7bn (US$480m), up from HK$2.5bn in the same period last year.

Only the most bullish forecasts anticipated the rise, which has perked up what had been – by Hong Kong terms – a somewhat disappointing results season.

Analysts attributed the performance to strong, focused management under Mr Canning Fok, managing director, who has shaken up divisions and overseen a return to traditional interests, namely China, ports and property.


Canning Fok: shook up divisions


Li Ka-shing: China development

Hutchison was also helped by the elimination of the loss-making Rabbit Telepoint systems in the UK and last year's disposal of shares in Star TV. Other fillips were provided by a higher contribution from associate Hongkong Electric – where interims rose 33 per cent to HK$1.73bn – and the swollen interest in Hongkong International Terminals (HIT).

HIT's facilities were expanded over the period and total throughput was up 27 per cent year-on-year. The ports in Shanghai and Zhuhai, in which Hutchison has stakes of 40 per cent and 50 per cent respectively, are both turning in profits. The contribution grew from the UK Port of Felixstowe, which is now wholly owned by the group. A letter of intent has been signed to take a 50 per cent stake in the building and operating of a three-berth deep water trans-shipment container terminal in Freeport, Grand Bahama.

The increase in profits was struck on a 22 per cent improvement in turnover, up to HK$14bn from HK$11.5bn. Earnings per share rose 39 per cent to HK$1.03, from HK$0.74. Shareholders are to receive a dividend of 26 cents, a 37 per cent improvement over the 19 cents paid out at the interim stage last year.

Mr Li Ka-shing, chairman, said the company had built up a portfolio of joint-venture property development projects in China. "In time these should enhance the group's development profit and recurrent income," he said.

Hutchison plans to open its Park'N Shop supermarkets in Shanghai later this year and is testing its Watson's chemists in Malaysia.

The UK personal communications service, Orange, in which Hutchison has a 65 per cent interest and which went into operation in late April is expected to take a few years to move into profit.

Cheung Kong ahead, Page 17

Bayer's recovery speeds up in second quarter

By Christopher Parkes in Bonn

The profits recovery at Bayer, the German chemicals giant, continued with a 30 per cent rise in second-quarter earnings, bringing the advance this year so far to 24 per cent.

The group, which started the year predicting a profits advance of up to 20 per cent for the full 12 months, yesterday reported first-half pre-tax income of DM999m ($636m) on sales up 6 per cent at DM22bn.

Interim pre-tax earnings at rival Hoechst, published earlier this week, rose 39 per cent to DM1bn on barely changed sales, while profits at BASF rose 41 per cent at the halfway stage.

Like its competitors, Bayer yesterday indicated that falling prices were still a problem. Turnover at its parent Bayer AG was unchanged because a 4 per cent drop in prices cancelled out 7 per cent volume growth. The sales figure was also diluted by the transfer of the fibres business into another part of the group.

Turnover at European subsidiaries edged upwards to DM13bn, while north America recorded 9 per cent more sales. Asia, Africa and the Pacific region advanced 19 per cent.

All operational sectors contributed to the recovery, with chemicals growing particularly strongly. Healthcare improved 8 per cent, while growth in consumer products sales, mainly in the Agfa film and tape business, was limited to 2 per cent. Bayer blamed poor domestic demand. The group attributed part of the profits progress to higher capacity use and cost-saving measures.

As with the other German chemicals groups, Bayer has continued pruning costs, especially in domestic operations. The total workforce fell 2,600 in the period and the rise in personnel costs was limited to 2 per cent despite higher social security costs and adverse exchange rate shifts.

Weir Group pays $210m for US EnviroTech Pumpsystems

By Paul Taylor in London

Weir Group, the Glasgow-based pumps and engineering group, is paying $210m to acquire EnviroTech Pumpsystems, a leading US manufacturer of specialist pumps.

The acquisition will be partly funded through a proposed one-for-four rights issue of about 39.3m shares at 252p each to raise £96m after expenses.

The rights issue has been fully underwritten by Morgan Grenfell. The balance of the purchase price will be in cash and the enlarged group will have little or no gearing.

The group announced a 10.6 per cent increase in first-half pre-tax profits yesterday to £18.5m (£16.8m) but admitted that orders in the second quarter had fallen off from the strong first quarter. Weir Group shares closed 2p higher at 304p.

EnviroTech, a pump manufacturing group headquartered in Salt Lake City, Utah, is part of the Baker Hughes group.

In the year to September 30, EnviroTech reported pre-tax profits of $21.7m on sales of $220.5m with net assets of $98.3m.

Weir has been looking for an acquisition which would improve the international balance of its pump business which had sales last year of £180m.

Lord Weir, chairman, said the purchase of would enable the group to expand into a truly international business with a combined turnover of about £330m.

He added that it would offer the group an improved marketing and manufacturing capability worldwide and give the group's pump operations important critical mass.

The combined pump business will represent about 55 per cent of the enlarged group's sales and will increase Weir's presence in the North American market and expand other regional operations. Lord Weir said the deal should enhance earnings in 1995.

The US group, which employs about 2,000 people, also has plants in California and Missouri and operations in the UK, continental Europe, South America, Africa, Australia and Canada.

Its main worldwide markets are the mining and mineral processing, chemicals and refining, water and waste water, power and utilities and pulp and paper.

Last year the US gave rise to 44.2 per cent of operating revenues, Europe 25.9 per cent, Africa 14.3 per cent, South America 11.1 per cent and Asia/Pacific 4.5 per cent.

Results, Page 19

Raymond Snoddy reports on a price war that looks set to continue into next year

Undaunted by hit to newspaper profits

News International, Mr Rupert Murdoch's main UK operating company, has set its sights on taking The Times to a circulation of more than 1m. In a further indication that price wars in the UK national newspaper industry are likely to continue, Mr Gus Fischer, News International's chief executive, said: "Obviously we would like to push it [The Times] to the same level as The Telegraph and beyond."

The 20p Times has increased its circulation by more than 200,000 to its current level of approaching 600,000 and The Daily Telegraph, after reducing its cover price to 30p on weekdays, has increased its circulation from 993,000 to about 1.07m.

"We think we have proved beyond any shadow of a doubt that newspapers are price sensitive," Mr Fischer said yesterday. He insisted that pricing policy would be kept continually under review.

However, in a sign that News International is growing increasingly confident in its current pricing policy, the newspaper group – which owns five UK national newspapers – said it was increasing its advertising rates by 15 per cent on three of them.

The rates are increasing on both the Sun, now selling at 22p, and the Times. The group will give advertisers a guaranteed 600,000 circulation for The Times until the end of this year and a 4m guarantee for the Sun. The Sun is at the moment selling around 4.2m despite this week's 2p price increase. The Sun's price was cut from 25p to 20p last summer.

Advertising rates are also increasing by 15 per cent on the News of the World, although there is no sign that News International plans to reduce the price of its popular Sunday tabloid or its other market-leading title, The Sunday Times.

Although News International could give advertisers rebates if the minimum circulation guarantees are not met, the move on rates implies that the newspaper price war is likely to last for the rest of this year and probably well into next.

This means continuing difficulties for The Telegraph group, which admitted on Wednesday that its price cut had cost £1m ($1.55m) for just the first six days included in its latest reporting period. In addition, discount vouchers had cost £1m and £8m had been spent on promotion.

'We think we have proved beyond doubt that newspapers are price sensitive'

News International's commitment to its radical pricing policy emerged as the News Corp subsidiary announced its results for the year to the end of June. Its operating profits of £96.2m fell £44.7m below its 1992-93 performance. The main reason for the difference was the impact of the price cuts.

Mr Fischer said: "The UK newspaper industry market has never been so competitive and I can't see that changing."

He claimed that the massive investments in plant, machinery and people in recent years would "keep us well ahead of the competition".

News International's turnover increased from £708.1m to £733.5m and profit after minorities soared from £146.4m to £359.3m.

The large increase was, however, attributable to a number of non-operating factors. A £78.6m contribution from associates came largely from BSkyB, the satellite television venture 50 per cent owned by News Corp.

There was also a book profit of £90m on the disposal of fixed assets – the transfer within the group, it is believed, of shares in Reuters, the news and information group, and in Pearson, owner of the Financial Times.

Net interest income amounted to £85.9m, up from £1.6m, again helped by transactions within the group.

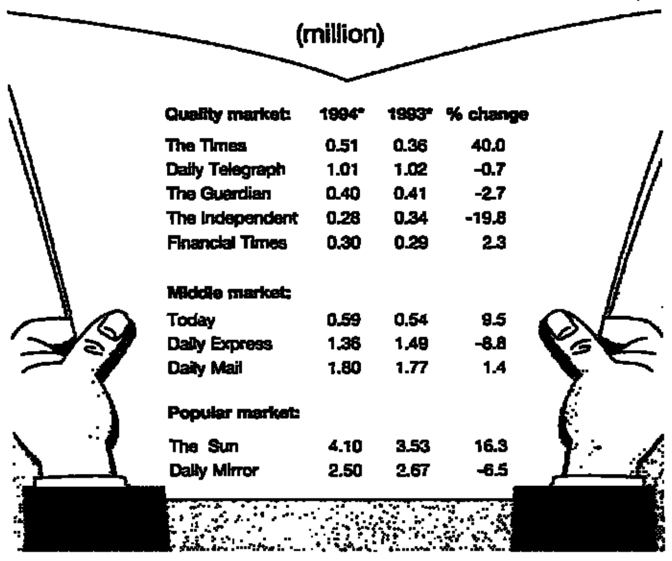
Special dividend shareholders of News International will receive a final dividend of the sterling equivalent of 1.5 Australian cents a share.

Overall News Corporation, which announced its results in Sydney yesterday, reported a surge in profits at two associated companies, BSkyB and Ansett Airlines, which more than offset a small decline in earnings from core operations.

Lex, Page 14; BSkyB, Page 20

Average daily sales

(million)



Quality market:	1994*	1993*	% change
The Times	0.51	0.36	40.0
Daily Telegraph	1.01	1.02	-0.7
The Guardian	0.40	0.41	-2.7
The Independent	0.28	0.34	-19.8
Financial Times	0.30	0.29	2.3
Middle market:			
Today	0.59	0.54	9.5
Daily Express	1.36	1.49	-8.8
Daily Mail	1.80	1.77	1.4
Popular market:			
The Sun	4.10	3.53	16.3
Daily Mirror	2.50	2.67	-6.5

Source: ABC

*Average over six months to July

Krupp Hoesch cuts loss to DM47m in first six months

By Michael Lindemann in Bonn

Krupp Hoesch, the merged steel and engineering group, yesterday said it had slashed losses to DM47m ($29.90m) for the first six months, compared with a DM324m deficit for the same period last year.

The Essen-based group operated profitably during June for the first time since the merger in December 1992. It forecast a break-even by the end of the year and said that steel would be the only one of the six divisions to be making a loss, although it would be much lower than the DM780m loss reported in 1993.

Aggressive cost-cutting and savings created by bringing together complementary sectors within the two groups had helped the performance, a spokesman said.

The company shed 11,041 workers, or 13 per cent of the workforce, in the 12 months to June 30 and said it would shed about 2,000 more before the end of the year. This would bring the workforce to around 70,000, down from about 95,000 at the time of the merger.

Strong exports and signs that the German market is pulling out of its worst post-war recession also aided the recovery. Turnover in the first six months rose 6 per cent to DM10bn, while group orders increased 12 per cent to DM11.2bn.

Steel sales, which make up about 30 per cent of group turnover, rose 3 per cent while orders climbed 18 per cent. However, industry sources said that while the upturn in the US economy was reducing excess European capacity, demand still needed to improve before prices could recover.

Sales at the group's automotive division rose 10 per cent over the previous period while orders jumped 20 per cent to DM1.52bn, helped by better prospects for the European motor industry and by strong results from subsidiaries in Brazil, Mexico and the US.

Figures for the plant-making division, where sales leapt 58 per cent and new orders fell 18 per cent on the same period a year ago, reflected accounting practices with several large orders just booked. The group hopes to secure three large international contracts over the next six months.

● The German Steel Federation said second quarter orders at German steelmakers totalled 10.3m tonnes, 19 per cent higher than a year earlier but slightly lower than the 10.4m tonnes ordered in the first quarter of this year.

Südzucker in frozen foods merger deal

By Judy Dempsey in Berlin

Südzucker, one of Germany's largest dairy, frozen food and baking companies, will merge its frozen foods operations division with Konsul Senator Schöller, the ice-cream group, Mr Klaus Fleck, Südzucker chairman, announced yesterday during the annual shareholders meeting.

Südzucker, which did not disclose the purchase price, said it would form a new company called Schöller Holding. Südzucker will hold a 65 per cent stake while the remaining stake 35 per cent stake will be held by Schöller.

Südzucker, which is based in Mannheim, made a net profit of DM151m ($96.1m) in the year ended February 1994 and had a turnover of DM5.2bn. Mr Fleck said he expected the merger would boost Südzucker's group sales to DM6.4bn next year. These would further increase by DM1.5bn to DM7.9bn in 1996. Net profit would increase by between DM40m and DM50m.

The merger, which will be referred to the Federal Cartel Office, is expected to have sales of DM2.6bn in the year beginning February 1995 and will employ 10,000 people.

Swedbank trims earnings forecast

By Hugh Carnegy in Stockholm

Swedbank, the Nordic region's largest bank by asset value, yesterday punctured some of the optimism returning to the Swedish banking sector by downgrading its full-year underlying earnings forecast because of worries over the state of the national economy.

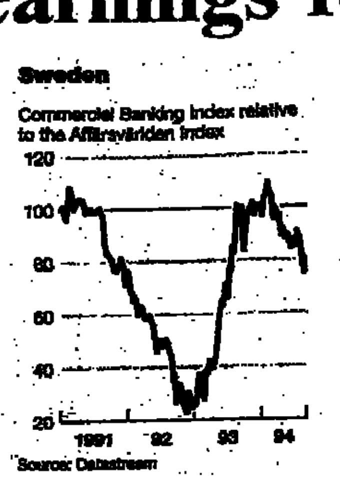
The bank reported a swing to an operating profit in the first six months of SKr1.75bn ($223m) from a loss last time of SKr1.59bn, due to a 53 per cent fall in loan losses to SKr2.7bn from SKr5.8bn in the same period last year.

The result followed a similar pattern to those announced earlier this week by Swedbank's main rivals, Skandinaviska Enskilda Banken, Svenska Handelsbanken and Nordbanken, which all reported sharply improved profits due to lower loan losses.

However, Swedbank stressed that earnings before loan losses had weakened due to lower interest income, narrower margins and lower bond trading results. This was a feature shown by the other banks but overshadowed by the improvement in the loan losses which caused a crisis in the banking sector two years ago.

Swedbank said lower loan losses could produce a full-year operating profit. But it lowered its forecast for profits before loan losses (and excluding capital gains) to SKr5.5bn from its earlier prediction of SKr6.5bn. It said uncertainty about the economy, mainly stemming from high interest rates, threatened to spill over into the house lending and consumer credit market.

In the first six months, Swedbank's net interest income fell 18 per cent to SKr4.93bn from SKr5.99bn. Operating income before loan losses was ahead slightly at SKr4.48bn, but would have been down 15 per cent from last year's SKr4.2bn without a SKr1.58bn one-off capital gain.



The banks' results were hit by lower returns from their bond portfolios. But the impact was softened, compared with banks in other countries, because Swedish accounting practices allow the banks to keep unrealised losses in the value of their investment portfolios out of the operating profit. Such losses are shown only at the year end as appropriations after operating profit.

A beneficiary of this was Handelsbanken, which has increased its holdings of government securities and bonds by 76 per cent over the past year to soak up surplus liquidity. The bank said the value of its investment portfolio at the end of June was SKr2.7bn less than the purchase price.

Under Danish accounting rules, this would have wiped out Handelsbanken's reported SKr2.3bn half-year operating profit. Similarly, Nordbanken, which made a SKr2.46bn operating profit, would have been hit by SKr2.9bn in below-purchase price values of external and in-house bond holdings. The figure was SKr550m at SE-Banken, which reported an operating profit of SKr2.22bn, and SKr416m at Swedbank.

GE confirms interest in Lindner

By Judy Dempsey

General Electric of the US yesterday confirmed that it was interested in acquiring a stake in Lindner, the German-based light-bulb maker.

General Electric's renewed interest in the company followed a decision earlier this week by Germany's Federal Cartel Office to reject a proposed takeover of Lindner by Philips, the Dutch-based manufacturer of light bulbs.

The cartel office argued the proposed takeover would strengthen Philips' dominant position in the German market. Along with Osram, a subsidiary of Siemens, Philips holds 80 per cent of the German light bulb market.

Philips yesterday said the company had not decided whether to appeal against the decision at the Kammergericht, Germany's appeal court.

"First we want to assess the decision by the cartel office and then we will see what we will do," the company added.

The cartel office ruling could however clear the way for GE.

It said it had an interest in Lindner. Previous talks between the two ended by mutual agreement in October 1993.

GE said Germany was a very "strategic and important market for all of General Electric". Last year's turnover in the country's lighting market totalled $600m.

General Electric Lighting, the German subsidiary of GE, has 9 per cent share of the German market. Worldwide sales for GE last year totalled $60.6bn.

Logitech slides into the red

By Ian Rodger in Zurich

Logitech, the world leader in pointing devices (mice and trackballs) for computers, slumped to an SFr8.6m ($6.51m) loss in the three months to June 30 compared with a profit of SFr8.8m in the same period of 1993.

The directors blamed lower margins, high operating expenses and extraordinary charges for the setback.

Sales were down 7.9 per cent to SFr103.5m, with about half of the decline accounted for by currency effects. Restructuring charges of SFr2m contributed to the loss in the current period. There was a SFr3.1m capital gain in the comparative period.

Trelleborg returns to black in first half

By Hugh Carnegy

Trelleborg, the Swedish mining and metals group that is restructuring, yesterday reported a swing back to profit in the first half of the year.

It posted a pre-tax surplus of SKr351m ($45m) after a loss of SKr528m in the same period last year. Sales were down to SKr9.57bn from SKr10.83bn mainly due to the effects of disposals. But each of the four main divisions – mines and smelters, rubber products, metal processing and distribution – sharply improved operating results. Lower operating costs, lower interest costs and contributions from associated companies produced the return to the black.

The company said a large rise in base metals prices – with the exception of zinc – helped the mines and smelters division, the biggest Trelleborg operation, rebound to a SKr30m operating profit from a loss last time of SKr35m. Overall operating profits jumped to SKr424m from SKr105m.

A continuation of present metal prices and an expected further improvement in the other divisions promised "significantly better" group earnings in the second half, the group forecast.

Net interest costs fell to SKr216m from SKr435m thanks to a SKr1.08bn fall in net borrowings to SKr6.13bn and lower interest rates. Trelleborg's guarantee commitment on loans of SKr3.65bn held by Falconbridge, the nickel producer, was erased when Falconbridge used the proceeds of a share issue to pay off debt.

The share issue reduced Trelleborg's stake in Falconbridge to less than 30 per cent from 50 per cent. But improved results at Falconbridge still helped to push up Trelleborg's contributions from associated companies to SKr150m from a loss of SKr130m last year.

Toronto-Dominion Bank up 59%

By Robert Gibbens in Montreal

Toronto-Dominion Bank, Canada's fifth-largest bank, achieved a 59 per cent gain in third-quarter earnings.

The bank attributed the rise to a strengthening economy and improvement in its business loan portfolio.

Net non-performing loans dropped below C$1bn (US$727m) for the first time since 1990 and the fiscal 1994 loan-loss estimate has been reduced by C$50m to C$400m. Commercial property remains the main area of concern.

Net profit for the three months ended July 31 was C$162m, or 50 cents a share, against C$102m, or 32 cents, a year earlier. Return on assets rose to 0.66 per cent from 0.49 per cent.

Nine-months' profit was C$488m, or C$1.52 a share, against C$272m, or 57 cents.

● National Bank of Canada reported a 20 per cent gain in third-quarter earnings with strong business and personal loan demand.

Net profit was C$57.4m, or 29 cents, up from C$47.3m, or 27 cents, a year earlier. Nine-months' profit was C$159.9m, or 83 cents a share, up 21 per cent from C$132.4m, or 78 cents.

Return on assets rose to 0.53 per cent from 0.48 per cent in the third quarter and to 0.50 per cent from 0.46 per cent in the nine months. Total assets at July 31 were C$44bn, up 11 per cent from a year earlier.

UK insurer advances to £131m

By Richard Lapper in London

Guardian Royal Exchange, the UK composite insurance company, provided more evidence of the strong recovery in the UK general insurance market when it announced interim trading profits of £131m ($198m), doubled from £65m last year.

After taking into account net realised and unrealised investment losses of £417m, the group reported a pre-tax loss of £286m, against a profit of £307m. Unlike its main competitors, GRE includes capital gains and losses in its profit and loss account.

Mr John Robins, the group's new chief executive, said the decision to increase the interim dividend by 7.5 per cent to 2.85p reflected "not only the group's trading performance worldwide but also its sound balance sheet and strong cash generation".

A UK underwriting profit of £24m was "the engine behind the improvement", said Mr James Morley, finance director. Underwriting profits of £47m, up from break-even last year, were achieved on home, motor and other personal lines business, offsetting a £10m loss on commercial lines, against £24m, and a £13m loss in the London market compared with £16m.

Results benefited from premium rate increases, more selective underwriting and improved claims experience. In its motor business, frequency of claims has fallen from 30 for every 100 cars insured in 1991 to less than 25 in June 1994.

Mr Morley said Guardian Direct, the telephone insurer launched in March, received premium income of £2m against expenses and claims of £8m.

Lex, Page 15

Labroke set to buy casinos

By Peggy Hollinger in London

Ladbroke, the UK hotels, betting and DIY group, is expected to announce its return to the UK casino market next week, 15 years after being expelled from the business.

The group is believed to be planning to announce the acquisition of three London casinos for about £50m when it reveals its interim results.

Analysts are expecting Ladbroke to post pre-tax profits on Thursday of about £50m ($77.5m) for the first half, against £62.5m last time.

INTERNATIONAL COMPANIES AND FINANCE

Cheung Kong beats expectations

By Louise Lucas in Hong Kong

Cheung Kong, the flagship of Mr Li Ka-shing's listed Hong Kong empire, yesterday reported a 1 per cent dip in net profits to HK$4.47bn (US$578.3m) for the first half of the year, against HK$4.5bn at the same stage in 1993.

The flat results, released after the market closed, were better than analysts had expected and the counter was the most actively traded stock of the day, rising 80 cents to HK$36 in anticipation.

Stripping out the 1993 HK$708m exceptional item, reaped from the issue of two lots of guaranteed warrants enabling holders to buy Hutchison shares held by Cheung Kong, earnings rose 17 per cent.

The bulk of property projects is to be booked in the second half of the year.

Mr Li, chairman, said property prices across the board had begun to decline in May. He added: "The property market has entered a consolidation phase, but because Hong Kong's economy remains healthy and demand for residential property is still substantial, activity in the property market will pick up again."

Analysts attributed the better-than-expected results to the enhanced contribution from Hutchison, which also reported yesterday and which is controlled by Cheung Kong, and strong gains on treasury operations which SBCI Finance Asia put at HK$1.05bn compared with a forecast HK$800m. This is in sharp contrast to treasury dealings at Hutchison, which were hit by the downturn in bond and equity markets.

Taken on a per share basis, earnings dipped 1 per cent to HK$2.03 from HK$2.06 at the interim stage last year. However, shareholders are to receive a bigger dividend, of 27 cents compared with 24 cents in the first half of 1993.

Cheung Kong was hit with a sharply increased Hong Kong tax bill this year, at HK$426m for the group itself (without associates) compared with HK$77m in the first six months of 1993.

The company's string of properties under development – the area which, along with the 43 per cent stake in Hutchison, last year supplied about 85 per cent of net profits – have been supplemented with interests in infrastructure and power plant projects in the mainland.

Disney film chief leaves as unit is revamped

By Patrick Harverson in New York

Walt Disney said that Mr Jeffrey Katzenberg is to step down as chairman of its film entertainment unit, Walt Disney Pictures, when his contract expires at the end of next month.

The group also announced that the film unit is to be restructured. It will be split into two separate entities: one for television and telecommunications, which will be run by Mr Richard Frank, currently president of Disney Studios, and one for movie production and distribution, to be run by Mr Joe Roth, chairman of the group's Caravan Pictures affiliate.

The departure of the 43-year old Mr Katzenberg is a blow to Disney.

Under his tenure, Disney has been one of the most successful studios in Hollywood. This year, the animated film *The Lion King* was a huge international hit and is poised to become one of the most successful films of all time.

Mr Katzenberg's decision to leave Disney is believed to be related to the failure of Mr Michael Eisner, the group's chairman, to appoint a successor to Mr Frank Wells, the former Disney president who was killed in a helicopter accident in April.

Mr Katzenberg's achievements in his nearly 10 years as head of Disney's studios had appeared to make the 43-year old executive a natural heir to Mr Wells' position.

When Mr Eisner declined to appoint a new president, it was widely seen as a rejection of Mr Katzenberg as a potential future Disney chairman.

Dell Computer back to profit in second quarter

By Louise Kehoe in San Francisco

Dell Computer, the US personal computer manufacturer, staged a recovery in its second quarter, as it refocused its operations on direct sales via telephone and mail order.

Sales increased to $791.5m, up 13 per cent from $700.6m a year ago, and up 3 per cent from this year's first quarter.

Net income for the latest quarter was $28.6m, or 65 cents a share, after a $6.2m after-tax charge related to the company's closure of its investment derivatives and short-term investments with principal exposure. This compared with a net loss of $75.7m, or $2.03, in the same period last year after charges of about $75m.

"We have begun to reinvigorate our customer-direct [sales via telephone and mail order] business with more aggressive pricing," said Mr Michael Dell, chairman and chief executive. Last month Dell announced that it would withdraw from the retail sales channel to concentrate on direct sales.

The shift appears to be paying off for Dell. Retail consumer sales declined to 3 per cent of revenues in the second quarter, down from 8 per cent in the previous quarter and 9 per cent in the second quarter last year, the company said. Excluding consumer sales, worldwide sales increased 9 per cent sequentially and 19 per cent on a year-on-year basis.

During the second quarter Dell re-entered the portable computer market with the introduction of new notebook models. Last year the company was forced to withdraw its notebook computers due to design flaws.

"Our portables plan is on track and on time," Mr Dell said. Sales of notebook computers represented 5 per cent of systems revenue in the quarter, he said.

Gross margins declined only modestly, in spite of more aggressive pricing, the company said. It cautioned, however, that following price cuts by Compaq Computer and IBM, "the industry pricing environment continues to be dynamic and Dell intends to retain a competitive pricing position".

For the first six months of fiscal 1995, sales increased 13 per cent to $1.56bn from $1.37bn in the first half of fiscal 1994. Net income was $47.5m, or $1.06 a share, against a loss of $65.5m, or $1.76.

Indian group to tap euromarkets

By Stefan Wagstyl in New Delhi

Shriram Industrial Enterprises, a New Delhi-based diversified group producing sugar, air-conditioners, oils, fats and chemicals, is planning to tap the euromarkets next week with a $75m equity offering.

Shriram, which is responding to the liberalisation of the Indian economy with a large reorganisation, plans big expansions of capacity in sugar, air-conditioning and the production of caustic soda. It also intends to build a financial services business and to develop an industrial park with its own power plant in the northern state of Punjab.

Mr Siddharth Shriram, the chairman whose family controls the group, said he planned further share issues to fund the investment programme which would cost about Rs10bn ($318m).

Shriram made net profits of Rs209m on sales of Rs6.8bn in the year to the end of March. The company was originally part of DCM, one of Delhi's oldest industrial groupings, which split three years ago following tensions in the Shriram family.

Mr Shriram admitted that like many large Indian industrial groupings, Shriram Industrial Enterprises had in the past diversified into too many separate fields. He now intends to focus the group's investments on businesses where it has competitive advantages.

New MAS chief says shake-up is needed to lift profitability

By Kieran Cooke in Kuala Lumpur

Mr Tajudin Ramli, the Malaysian entrepreneur who has recently taken control of Malaysian Airlines (MAS), says a thorough restructuring of the financially troubled national carrier will be carried out to boost profits.

Mr Tajudin was made MAS chairman last month following a controversial, highly leveraged M$1.79bn (US$690m) deal which gave his listed Malaysian Helicopter Services (MHS) company a controlling 32 per cent stake in the airline.

"The company has gone in various directions in the last couple of years but has lacked focus," said Mr Ramli, after the MAS annual meeting. "If we don't change, the same fate could happen to us as Pan Am." (The US airline went bankrupt in 1991.)

Mr Ramli said six or seven MAS divisions would be hived off to force them to become more profitable. An extensive cost-cutting programme would also be implemented with the aim of saving between M$40m and M$50m over the next six months.

Mr Ramli said that aircraft purchase agreements and recently established routings would be included in a review of MAS operations now under way, but lay-offs would be avoided among the airline's 19,000 staff.

In the year to March 31 1994 MAS had a pre-tax profit of M$16m, a 90 per cent drop on the previous year. An ambitious expansion programme involving the purchase of 72 aircraft valued at M$10.6bn in the 1991-96 period has severely strained financial resources. Analysts also point out that MAS is overstaffed in comparison with most other international carriers.

Mr Ramli said that as part of the restructuring process, Mr Wan Malek Ibrahim, executive director at MHS, would be made managing director.

- Philippine Airlines (PAL), the national carrier, yesterday announced changes in senior management on the day that it revealed a slide into loss after two years of profit, writes Jose Galang in Manila.

Mr Harry Tan and Mr Florencio Santos, both directors at Fortune Tobacco, the company owned by Mr Lucio Tan, lead investor in the PR Holdings group which acquired majority ownership of PAL in 1992, join the board, replacing Mr Antonio Cojuangco and Mr Roberto de Ocampo. Mr Mariano Tanenglian becomes treasurer.

In the year to March, PAL made a net loss of 451m pesos ($17m) compared with net profits of 1.03bn pesos in fiscal 1992-93.

NEC closer to IBM standard

By Michiyo Nakamoto in Tokyo

NEC, the Japanese electronics company, is considering introducing IBM-compatible machines in its domestic computer range for the first time. The move highlights the growing influence of IBM's standard in the Japanese market.

NEC said that it was looking into the possibility of introducing IBM-compatible high-end servers based on the Pentium microprocessor made by Intel. Servers are the machines which store data that can be shared among several computers and link them in a network.

It is an important shift in NEC's strategy for the domestic market, where its proprietary PCs have more than a 50 per cent share of all installed machines.

NEC has jealously guarded the turf won by its proprietary PCs, refusing to introduce IBM-compatible PCs in Japan even while other Japanese competitors, with their own proprietary machines, have done so one by one.

NEC said it was considering the introduction of IBM-compatible high-end servers in order to meet the needs of its customers. These servers would be aimed at companies wanting to link up 20 or more computers in the office.

Office servers can cost anywhere from Y1m to hundreds of millions of yen, and the Japanese market for high-end servers amounted to Y508bn ($5.16bn) last year.

The shift in NEC's strategy reflects the spreading acceptance in Japan of IBM's architecture, which is a de facto standard in the rest of the world but has been slow to catch on in Japan where Japanese computer companies have promoted their own proprietary standards.

The company emphasised, however, that it had no plans to introduce IBM-compatible PC servers.

Investor lifted by Saab-Scania

By Christopher Brown-Humes in Stockholm

Investor, the most important holding company of Sweden's powerful Wallenberg empire, increased pre-tax profits more than three times in the first half, after a strong rebound at Saab-Scania, its wholly owned vehicle and aerospace unit.

The group's pre-tax income amounted to SKr1.19bn ($156m) for the period, compared with SKr367m a year earlier. It said second-half income would be higher than in the first. The shares rose SKr5 to SKr176.

A much improved performance at Saab-Scania – which last week reported a pre-tax profit, after financial items, of SKr1.2bn, against a SKr264m loss in 1993 – was the main reason for the upturn. Saab-Scania's earnings are also expected to be stronger in the second half.

The group's investment performance – it has strategic shareholdings in a clutch of Swedish blue-chips, including Astra, Ericsson, Electrolux, Stora and SKF – was more disappointing as it failed to keep pace with the stock exchange. The value of the group's investment portfolio at June 30 was SKr27.5bn, down 7 per cent since the start of the year, compared with a 2 per cent drop for the Affärsvärlden General Index.

The group's net worth at the same date was SKr38.9bn, or SKr192 a share, compared with SKr37.5bn, or SKr206, at the year-end. Both the value of the portfolio and net worth have risen since June 30.

Net debt rose to SKr6.88bn from SKr4.85bn, partly because of higher tied-up working capital within Saab-Scania.

Charter wins 92% of Esab

By Hugh Carnegy in Stockholm

Charter, the UK industrial group, has received acceptances for 92 per cent of the capital and votes in Esab, the world's leading supplier of welding equipment, and will compulsorily acquire outstanding shares.

The UK company was earlier this week was forced to raise its original bid from £260m to £286m ($443.3m) to overcome shareholder resistance.

The acquisition of Esab, which had turnover last year of SKr7bn ($917m), will more than double Charter in size, adding to its existing operations in building materials, coal and rail track equipment.

Telebrás to invite private investment

By Patrick McCurry in São Paulo

Telebrás, Brazil's government-controlled telecommunications group, has launched a programme to attract private-sector investment to the industry.

However, the move will not change Telebrás's monopoly position, which is guaranteed by the constitution.

The company, which has a backlog of about 10m telephone lines, is being forced to relax its hold on the system because of a capital investment crisis caused largely by government-imposed limits. This year's $3bn investment budget should be doubled to cope with demand, according to analysts.

Under a new partnership programme, announced on Tuesday, the private sector will be able to install lines and networks, leasing them to Telebrás's regional subsidiaries.

According to analysts, the installations will be turned over to Telebrás when the leasing period has expired.

KNP BT recovery continues

By Ronald van de Krol in Amsterdam

KNP BT, the Dutch paper and packaging group, swung into a profit of Fl 74m ($42.3m) in the second quarter of 1994 from a loss of Fl 3m a year ago, extending the recovery that emerged earlier this year.

The results, which follow a similar return to profit in the first quarter, take first-half results to Fl 124m, a reversal of the previous year's Fl 16m loss.

The company said it was moderately optimistic but cautioned that it could see temporary pressure on margins as a result of further increases in raw material prices.

It said volume was up substantially in most markets. Turnover rose by 12.4 per cent to Fl 3.2bn in the second quarter and by 13.1 per cent to Fl 6.3bn in the first half.

Of the group's four main businesses, paper merchanting, graphic systems and paper production all posted strong increases in results in the second quarter. The exception was packaging, where operating profit slipped to Fl 86m from Fl 90m. KNP BT attributed the decline to rises in raw material prices, particularly for waste paper.

KNP BT also announced yesterday that it may merge the US arm of its office products division with Ivan Allen of Atlanta, Georgia, which it described as the largest office products distributor in the south-east of the US. A letter of intent has been signed but talks on a definitive deal are continuing.

The Dutch company, which gave no financial details, has made a string of small office-product acquisitions in the US and Germany so far this year.

Matsushita Electric up to Y8.9bn

By Gordon Cramb in Tokyo

Matsushita Electric Industrial, the leading Japanese electronics group, achieved a one-third increase in worldwide net profits to Y8.9bn ($90.4m) in its first quarter to June.

The company, which makes consumer products under brands such as Panasonic and Technics and owns Universal Pictures in Hollywood, said the increase, from last year's Y6.7bn, followed cost cuts which offset the adverse effect of the higher yen.

It was also helped by a 3 per cent growth in revenues to Y1,642.2bn.

Sales abroad were up 9 per cent but domestic sales fell 3 per cent, although the company said it discerned a better trend in consumer spending within Japan. Domestic sales of both audio and video equipment suffered from what Matsushita acknowledged was a "shift of consumer demand to lower-priced products".

Overall, communications and industrial equipment showed the best growth, at 14 per cent, with what the company said were notable gains in hard disk drives and CD-Rom drives. The electronic components side was up 3 per cent while home appliances fell by the same margin.

A 2 per cent dip in income from its entertainment division came as the strength of the yen eroded dollar revenues at Universal, which was raking in box-office proceeds from the film *Schindler's List*. The music division also performed well, Matsushita said.

Consolidated pre-tax profits were Y37.6bn, up 12 per cent. Net earnings per share were Y4.23 against Y3.20.

Dutch financial group advances

By Ronald van de Krol

A strong performance in insurance helped ING Group, the Dutch financial services company, to boost first-half net profit by 19.9 per cent to Fl 1.07bn ($610m) from Fl 892m a year earlier.

Pre-tax insurance results were up 31 per cent, far outstripping the 9.1 per cent rise in banking earnings.

The company gave no separate figures for the second quarter.

However, comparisons with the first-quarter results published in June showed that growth in earnings slowed to 12.5 per cent in the quarter from 26.8 per cent in the first three months of the year.

First-quarter results had also shown the same pattern of significant increases in insurance and flatter growth in banking.

For the full year, ING forecast that net profit per share would at least match the 1993 result of Fl 8.06.

ING's banking results in the first half were affected by a sharp turnround in results from trading in Latin American debt securities, mainly in the first quarter of the year.

Its results from financial transactions, securities and participations fell into a loss of Fl 8m in the first six months from a profit of Fl 566m a year earlier.

In insurance, results were helped by buoyant earnings in life insurance, ING's single largest business, which saw a 25.2 per cent increase.

Results were also aided by the decision in April 1993 to deconsolidate two loss-making subsidiaries, Orion in the UK and NRG, its reinsurance business.

NEWS DIGEST

Hollinger ahead at half-time

Hollinger, the holding company of publisher Mr Conrad Black, reported second-quarter profits of C$96.6m (US$70m), or C$1.67 a share, including a C$82m special gain, up from C$10.9m, or 16 cents, a year earlier, writes Robert Gibbens in Montreal.

The special gain came from the sale of shares in the Daily Telegraph newspaper in the UK. Excluding this, Hollinger's per share earnings were 25 cents in the latest period. Revenues rose to C$350m from C$228m reflecting acquisition of the Chicago Sun-Times.

Hollinger said a "major contribution" from the Chicago paper more than offset the Telegraph's decline.

Half-year net profit was C$109.2m, or C$1.88 a share, up from C$24.7m, or 36 cents, on revenues of C$584m against C$426m. The latest period includes the special gain.

Turnround at Renison Gold

Renison Gold Fields, the Australian mining group 40 per cent-owned by the Anglo-American Hanson group, made a A$1.8m (US$1.3m) profit after tax and abnormals in the year to end-June, compared with a A$24.4m loss in the previous year, writes Nikki Tait.

The turnround was largely due to the absence of abnormal items, which cut A$36.1m off the previous year's figure. Operating profit before tax and abnormals fell from A$25.4m to A$20.3m, although the company said this masked a sharp improvement in the second half of 1993-94, when profits were A$25.4m, after a first-half loss of A$5.1m.

Total revenues were 1.8 per cent lower at A$610.9m, and no dividends are being declared.

Canada's investment firms in reverse

Second-quarter profits of Canada's 154 investment firms dropped by half to C$115m (US$83.3m) from the first quarter, reflecting declining stock and bond markets and slower capital market activity, writes Robert Gibbens.

The first quarter had set a peak profit of C$238m. First-half profits were C$353m against C$360m a year earlier. Return on equity fell to 30 per cent from 43 per cent. The decline in second-quarter revenues was spread across the industry, said the Investment Dealers Association of Canada.

Pancontinental marks time

Pancontinental Mining, the Sydney-based group which made a brief abortive foray into the bid battle for Aztec Mining earlier this year, earned profit after tax and abnormals of A$10.52m (US$7.7m) in the year to end-June, against A$10.04m previously, writes Nikki Tait. Revenues were A$239.5m against A$232.3m.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

GE Capital plans to buy Japanese credit business

By Emiko Terazono in Tokyo

GE Capital, the finance arm of the US electronics group, is planning a move into the Japanese consumer finance market through the purchase of a consumer credit business from Minebea, the ball bearings company burdened by over-expansion during the late 1980s.

Mr Taketo Yamakawa, managing director of GE Capital's Japanese affiliate, said the company had been studying ways to enter the Japanese market for more than a year. Last May, it had started talks with Minebea, which had been looking for buyers for Minebea Credit, its consumer credit subsidiary with outstanding loans of Y180bn ($1.8bn).

GE Capital will buy Minebea Credit's consumer loan credits of Y120bn, while the credit company will retain its Y60bn mortgage finance business. GE plans to build its Japanese operations around the consumer credit business, which is growing sharply due to the need for cash among consumers because of the prolonged recession and falling earnings. Earlier this year, Ford, the US carmaker, became the first foreign company to set up a consumer credit business in Japan.

While the purchasing price for the consumer credit business has not been disclosed, the agreement has come as a relief for Minebea. The company was forced to post a special loss of Y18bn last March due to the equity infusion to the consumer credit affiliate. The parent company also provided loan guarantees to maintain the affiliate's cash flow squeezed by the sharp fall in the land collateral value backing its property-linked loans.

Minebea still owns around 70 companies, which it acquired or set up during the 1980s. However, the aggressive diversification has become an increasing burden, and last year, the ball bearings company was forced to sell NMB Semiconductor, its lossmaking semiconductor affiliate to Nippon Steel, the leading steel manufacturer.

Bunds take inflation data in their stride

By Antonia Sharpe in London and Frank McGurty in New York

The German government bond market took the widely-expected rise in August inflation to a year-on-year rate of 3 per cent in its stride. Higher oil prices are believed to have caused the rise.

"The market was prepared for 3 per cent... but the rise does not change the view that German inflation is still falling, albeit more slowly than before," said Ms Wendy Niffikeer, senior economist at IBJ International. She noted that in the cash market, 10-year yields dropped from 7.28 per cent at the opening to 7.23 per cent in the late afternoon.

The market was also supported by comments from Mr Guntram Palm, a member of the Bundesbank's governing board, that the central bank was not unduly worried by the acceleration in inflation and that domestic factors spoke for a further reduction in inflation. These comments were interpreted by some dealers as suggesting that one more discount rate cut was possible after all.

On Liffe, the September bund future was stuck in a narrow 28-basis point trading range. In late trading it stood 0.26 point higher at 91.63 in moderate trading.

■ UK gilts continued their steady climb, reflecting the ever-stronger view among analysts that the market's favourable fundamentals would result in further gains over the coming months. Gilts were also supported by the numerous leaks from the Confederation of British Industry's monthly trends inquiry for August which is due to be published today. On Liffe, the long

GOVERNMENT BONDS

gilt future rose ¾ point to 101⅔ in the late afternoon.

Yesterday's publication of the weekly notes in circulation were also seen as positive for the market. Mr Simon Briscoe at S.G. Warburg said the rise of 6.2 per cent in the week to August 24 meant that he would be looking for M0 to rise by just 0.3 per cent in August. This would bring the annualised three-month rate down below 6 per cent which compared with 8 per cent in May.

The Bank of England took advantage of the recent healthy demand for index-linked gilts by offering £250m of index-linked Treasury stock for sale. By contrast, dealers said the vast proportion of the £500m worth of conventional stock on offer was still unsold because its price was thought to be around one point too high for the market.

■ US Treasury bond prices dipped yesterday morning in a round of light profit-taking coming on the heels of Wednesday's rally.

By midday, the benchmark 30-year government bond was ⅛ lower at 100⅝, with the yield rising to 7.467 per cent. At the short end, the two-year note was off ⅛ at 100⅛, to yield 6.199 per cent.

The mild downturn by bonds was not unexpected in view of the surprising strength exhibited by the market the previous session. Still, the optimistic tone which had infused the market after Wednesday's successful five-year note auction carried over into yesterday morning's activity.

Traders were cheered because the sale elicited unexpected demand from the full range of buyers, including individual investors and large institutional accounts. Their decision to come off the sidelines suggested the market may continue to move forward, or at least hold its current levels, during the early autumn.

A stronger dollar, one of the main buttresses for Wednesday's rally, remained securely in place yesterday. The US currency was showing continued improvement against the yen and the D-Mark on the foreign exchange markets.

Piper Jaffray-run funds may have lost $700m

By Patrick Harverson in New York

A group of investment funds and private investor accounts run by a money manager at Minneapolis-based brokerage Piper Jaffray may have lost as much as $700m this year because of derivatives-related losses, the firm has admitted.

The losses are said to have been incurred primarily on mortgage-backed securities which the manager, Mr Worth Bruntjen, had bought for a group of bond funds and privately managed accounts. The value of the assets managed by Mr Bruntjen stood at $3.5bn at the end of 1993, but by the end of June this year the value had plunged to $2.79bn. Piper Jaffray has said that the decline was almost entirely due to market losses, rather than withdrawals by investors.

Although Piper Jaffray has made a $10m investment in one of the affected funds as a display of confidence, the firm is under pressure to provide further financial support to the funds and accounts managed by Mr Bruntjen. It also faces legal action over the losses.

The problems at the Piper Jaffray-managed funds and accounts are just the latest example of how professional investment managers and corporations in the US have been hit hard this year because their derivatives holdings have exaggerated the negative impact on securities prices of sharply rising interest rates.

Among those plagued by derivatives-related losses recently have been the Wall Street securities firm PaineWebber, BankAmerica, and the consumer products group Procter & Gamble.

Singapore Press Holdings raises US$200m

By Antonia Sharpe

Singapore Press Holdings, the island republic's largest publishing group, has raised close to US$200m through the private placement of foreign shares with institutional investors.

The 11m new shares, which account for about 4 per cent of the company's share capital, were priced at S$26 each. This represents a 1.9 per cent discount to the last traded price on the foreign shares on August 22.

Lead manager BZW said the new equity would raise the percentage of foreign ownership of the company to close to the maximum level of 49 per cent.

There is a restriction on foreign ownership because the company controls the media in Singapore.

Japanese borrower launches $500m issue

By Conner Middelmann

The Eurobond market appeared to start winding down for the long weekend, with London closed for a bank holiday on Monday.

Japan Highway Public Corporation launched its long-awaited $500m 10-year bond issue, with Nomura and LTCB International as joint lead

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managers. The bonds were priced slightly more tightly than expected, yielding 32 basis points over Treasuries at their re-offer price. The spread widened slightly after the issue was freed to trade, but it is expected to be held in by the lead managers.

Some east Asian demand was reported, but the majority was said to have been taken up by European institutional investors. However, the prospect of heavy supply of Japanese government-backed bonds in the near future held some investors back, one trader said.

A swap opportunity in the Ecu market spurred the launch of two retail-targeted four-year bond issues from triple-A rated borrowers: Ecu150m for KfW International Finance via BZW and Ecu100m for General Electric Capital Corporation via UBS. Both deals were priced almost identically, offering a 7¾ per cent coupon and maturing on the same day.

Both lead managers reported solid demand for their deals from Swiss and Benelux retail accounts, helped partly by investors' desire to roll over funds from expiring Ecu bonds.

In the Canadian dollar sector, Toronto-Dominion Bank led an issue of C$100m of five-year bonds for itself.

Priced to yield 23 basis points over the interpolated Canadian government bond yield curve, the terms were deemed by some to be too aggressive, but others said recent Swiss and Benelux retail demand for four-year Canadian dollar paper would lend the issue support.

"It's not a generous spread, but the issue will go over time," said one syndicate official.

Late in the day, CS First Boston launched a three-tranche asset-backed issue totalling $1.2bn for Banc One Student Loan Trust.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
BOSLT, Class A1(a)‡	81	(a)	(a)	Jul.1996	3.00	-	CS First Boston
BOSLT, Class A2(a1)‡	1.1bn	(a)	(a)	Jul.2004	4.50	-	CS First Boston
BOSLT, Class B(a1)‡	42.835	(a)	(a)	Jul.2004	6.50	-	CS First Boston
Japan Highway Public Corp.	500	7.625	99.564R	Sep.2004	0.325R	+32(7¼%-04)	LTCB Intl./ Nomura Intl.
YEN							
Western Australia Treas.Corp.★	10bn	3.10	100.10R	Oct.1996	0.15R	-	Daiwa Europe
CANADIAN DOLLARS							
Toronto Dominion Bk.(Cayman)	100	8.375	99.846R	Oct.1998	0.25R	+23 (b)	Toronto Dominion Bank
ECUS							
KfW International Finance(c)	150	7.75	99.625R	Sep.1998	0.20R	+5(7¼%-98)	Barclays de Zoete Wedd
General Electric Capl.Corp.(c)	100	7.75	99.63R	Sep.1998	0.20R	+8(7¼%-98)	UBS
AUSTRALIAN DOLLARS							
Deutsche Bank Australia	100	9.00	101.625	Oct.1999	2.00	-	Deutsche Bank London
SWISS FRANCS							
DSL Bank	100	5.25	102.00	Oct.1998	undisc.	-	Banca del Gottardo
SBC Finance Cayman Is.★★	100	5.50	102.35	Sep.1997	undisc.	-	Swiss Bank Corp.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★★Private placement. ★Unlisted. R: fixed re-offer price; fees are shown at the re-offer level. a) Bank One Student Loan Trust. Priced later: indicated coupons 1-mth Libor +8bp, 30bp & 65bp for respective tranches. Average life years: 0.51, 4.97 & 9.90 yrs for respective tranches. a1) 10 yr auction call & 5% cleanup call. b) Over interpolated yield. c) Spread relates to French Ecu BTAN's

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	97.9900	+0.310	9.31	9.28	9.62
Belgium		7.250	04/04	92.5000	+0.150	8.40	8.38	8.06
Canada *		6.500	06/04	85.7000	+0.150	8.70	8.98	9.34
Denmark		7.000	12/04	87.8000	+0.130	8.88	9.00	8.03
France	BTAN	8.000	05/98	102.3750	+0.130	7.22	7.31	6.58
	OAT	5.500	04/04	84.6900	+0.160	7.81	7.85	7.32
Germany Bund		6.750	05/04	96.6500	+0.290	7.24	7.21	6.92
Italy		8.500	04/04	82.2200	−0.280	11.62†	11.72	10.80
Japan	No 119	4.800	06/99	103.3590	−0.090	3.97	3.99	3.66
		4.100	12/03	96.3620	-	4.66	4.62	4.39
Netherlands		5.750	01/04	89.7600	+0.160	7.29	7.22	6.98
Spain		8.000	05/04	82.8900	+0.240	10.96	11.17	10.55
UK Gilts		6.000	08/99	90–18	+9/32	8.36	8.41	8.28
		6.750	11/04	87–30	+21/32	8.53	8.67	8.56
		9.000	10/08	103–20	+26/32	8.56	8.68	8.63
US Treasury *		7.250	08/04	100–06	+8/32	7.22	7.25	7.30
		7.500	11/24	100–09	+17/32	7.47	7.46	7.56
ECU (French Govt)		6.000	04/04	84.5400	+0.200	8.39	8.42	7.84

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	7¾	One month	4.49	Two year	6.22
Broker loan rate	6½	Two month	4.62	Three year	6.48
Fed.funds	4¾	Three month	4.66	Five year	6.88
Fed.funds at intervention	-	Six month	5.07	10-year	7.23
		One year	5.58	30-year	7.48

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	113.80	113.50	+0.08	114.00	113.42	147,726	108,891
Dec	112.92	112.60	+0.08	113.10	112.58	5,008	39,937
Mar	112.30	111.96	+0.08	112.30	112.00	102	3,863

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
113	0.50	2.08	-	-	2.32	-
114	-	1.51	-	0.50	2.88	-
115	-	1.14	-	1.50	3.46	-
116	-	0.73	-	2.50	4.10	-
117	-	0.52	-	3.50	-	-

Est. vol. total, Calls 20,195 Puts 34,776 . Previous day's open int., Calls 386,466 Puts 383,284.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	91.64	91.60	+0.23	91.73	91.45	85507	123559
Dec	90.82	90.80	+0.27	90.88	90.68	8039	36266
Mar	90.35	90.10	+0.07	90.35	90.05	366	58

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Oct	Calls Nov	Calls Dec	Calls Mar	Puts Oct	Puts Nov	Puts Dec	Puts Mar
9050	1.01	1.36	1.56	1.70	0.71	1.06	1.26	2.10
9100	0.74	1.09	1.30	1.48	0.94	1.29	1.50	2.38
9150	0.52	0.85	1.05	1.29	1.22	1.55	1.75	2.69

Est. vol. total, Calls 4492 Puts 5879. Previous day's open int., Calls 122350 Puts 129260

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep		97.15	+0.21			0	76

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	99.20	98.47	-0.53	99.55	98.20	42570	61170
Dec	97.90	96.83	-0.50	97.90	96.70	4605	26059
Mar		95.29	-0.50			0	0

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
9650	2.91	3.46	2.58	4.67
9700	2.63	3.25	2.80	4.96
9750	2.37	3.05	3.04	5.26

Est. vol. total, Calls 207 Puts 173. Previous day's open int., Calls 3742 Puts 5690

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	87.90	87.95	+0.23	88.35	87.72	48,380	98,234
Dec	87.00	87.10	+0.07	87.50	86.70	3,275	13,630

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	101-02	101-19	+0-24	101-26	101-02	58217	92345
Dec	100-16	101-05	+0-27	101-10	100-16	6027	18964
Mar		100-17	+0-27			0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
101	2-20	2-60	2-10	3-26
102	1-51	2-32	2-41	3-62
103	1-22	2-06	3-12	4-38

Est. vol. total, Calls 1131 Puts 2681. Previous day's open int., Calls 6556 Puts 9366

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Sep	81.60	81.50	+0.24	81.82	81.40	1,271	7,064
Dec		81.00	+0.24				561

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	103-11	103-06	-0-04	103-14	103-05	308,725	318,817
Dec	102-18	102-13	-0-05	102-22	102-13	30,561	123,840
Mar	101-25	101-23	-0-02	101-28	101-23	2,499	6,816

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Sep	108.00			108.07	108.00	104	0
Dec	107.04			107.10	107.03	1086	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Aug 25	Day's change %	Wed Aug 24	Accrued interest	xd adj. ytd		Low coupon yield Aug 25	Aug 24	Yr. ago	Medium coupon yield Aug 25	Aug 24	Yr. ago	High coupon yield Aug 25	Aug 24	Yr. ago
1 Up to 5 years (24)	119.64	+0.22	119.37	1.14	8.01	5 yrs	8.45	8.56	6.40	8.56	8.66	6.54	8.71	8.80	6.74
2 5-15 years (21)	139.60	+0.63	138.72	1.90	8.68	15 yrs	8.48	8.55	7.18	8.59	8.69	7.34	8.83	8.93	7.57
3 Over 15 years (9)	155.15	+0.97	153.67	0.62	9.81	20 yrs	8.41	8.50	7.33	8.59	8.69	7.42	8.69	8.79	7.59
4 Irredeemables (6)	177.88	+0.93	177.25	2.33	8.47	Irred.†	8.51	8.60	7.51						
5 All stocks (60)	136.66	+0.56	136.91	1.43	8.73										

Index-linked							Inflation 5% Aug 25	Aug 24	Yr. ago	Inflation 10% Aug 25	Aug 24	Yr. ago
6 Up to 5 years (2)	185.55	−0.01	185.56	0.58	3.95	Up to 5 yrs	3.66	3.65	2.51	2.56	2.53	1.71
7 Over 5 years (11)	174.41	+0.21	174.04	0.78	3.48	Over 5 yrs	3.74	3.78	3.27	3.55	3.56	3.09
8 All stocks (13)	174.69	+0.19	174.36	0.74	3.49							

Debentures and Loans						5 year yield Aug 25	Aug 24	Yr. ago	15 year yield Aug 25	Aug 24	Yr. ago	25 year yield Aug 25	Aug 24	Yr. ago
9 Debs & Loans (75)	128.24	+0.60	127.47	2.13	7.40	9.62	9.68	7.79	9.55	9.62	8.19	9.49	9.56	8.33

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date

FT FIXED INTEREST INDICES

	Aug 25	Aug 24	Aug 23	Aug 22	Aug 19	Yr ago	High*	Low*
Govt. Secs. (UK)	91.80	91.27	91.26	91.14	91.19	101.45	107.04	90.99
Fixed Interest	109.18	108.65	108.84	108.83	108.89	123.60	133.87	107.33

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Aug 24	Aug 23	Aug 22	Aug 19	Aug 18
Gilt Edged bargains	74.4	78.0	83.1	89.8	84.7
5-day average	82.0	86.3	86.8	84.6	83.5

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 25

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	91¾	92⅛	+¼	7.83
Alberta Province 7⅞ 98	1000	101½	101⅞	+⅛	7.19
Austria 8½ 00	400	105¼	105⅝	+¼	7.28
Bank of Tokyo 8¾ 96	100	102⅞	103	+⅛	6.72
United Kingdom 7¼ 97	5500	101⅝	101¾		6.53
Volkswagen Intl Fin 7 03	1000	95⅛	95½		7.61
World Bank 0 15	2000	20¼	20½		7.78
World Bank 5⅞ 03	3000	88⅝	89¾	-¼	7.47
World Bank 8¾ 00	1250	109⅝	110	-⅛	6.84
Abbey Natl Treasury 8 03 £	1000	91⅞	92⅛	+⅛	9.40
Alliance Leics 11¾ 97 £	100	108½	108⅞	+⅛	8.54
British Land 8⅞ 23 £	150	88½	88⅞	+⅛	10.41
Denmark 6¾ 98 £	800	93¾	94	+⅛	8.87
[illegible]					

SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts (Lives up to Five Years)						
[illegible]						

Five to Fifteen Years: [illegible]

Over Fifteen Years: [illegible]

Undated: [illegible]

Index-Linked: [illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1993: 141.9 and for July 1994: 144.0.

Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

هكذا من الاصل

Environmental group's organic growth of 14% disappoints analysts

Securiguard input aids Rentokil

By Simon Davies

Rentokil more than doubled the profits of recently-acquired subsidiary Securiguard in the first half of 1994, but it disappointed the City with only 14 per cent growth in organic profits.

The environmental and property services group's shares fell 11½p to 222p as it announced pre-tax profits for the period up 20 per cent to £80.6m (£67.1m).

Securiguard contributed £4.4m, after subtracting £2m of interest costs for the £70.9m acquisition.

However, Mr Clive Thompson, chief executive, was confident that Rentokil could continue to achieve its stated aim of 20 per cent higher profits a year without further acquisitions.

Mr Thompson said Securiguard, the security and cleaning company, almost doubled operating profit margins from 3.7 per cent to 7 per cent.

Rentokil has focused Securiguard on the higher value-added elements of its business, and cut back on head office costs, and some of the less profitable businesses.

Restructuring of the security subsidiary cost Rentokil about £500,000 in the first half, but this was covered by the previous year's provisions.

Turnover increased from £252.4m to £357m, but stripping out £92.9m from Securiguard, growth was subdued.

The downturn in profits was exaggerated by a £900,000 loss on foreign exchange translation.

In addition, turnover from the European division grew by only 2.9 per cent, as sales were hit by the continuing recession. European profits expanded from £18.8m to £20.4m.

The Asia Pacific and African operations raised profits by £3m to £17.2m, but this progress was held back by a disappointing performance in Australia. Calmic's Australian business was hit when senior staff left to set up in competition.

In North America, turnover doubled to £61m and profits increased to £7.5m (£5.2m). This figure included a first-time contribution from Securiguard.

In the UK, profits grew by £8.1m to £34.7m, but about half of this increase was attributable to Securiguard.

Rentokil increased its net cash reserves to £36.5m (£15.6m) and Mr Thompson said the group was aiming to add further acquisitions to its core businesses.

Analysts expect Rentokil to beef up its newly-acquired security operations, which at present offer only limited geographical spread.

Mr Thompson said the company would also consider acquisitions in its other businesses of pest control, healthcare and tropical plants.

The dividend is increased by 20 per cent from 0.84p to 1.01p, tracking a similar advance in earnings per share from 4.39p to 5.8p.

See Lex

Tony Andrews

Clive Thompson: Securiguard almost doubled profit margins

Body Shop spillage details revealed

By Andrew Jack

Body Shop International, the cosmetics and toiletries group, was pursued by local US environmental authorities in connection with four separate releases of liquids from its New Jersey plant in the last two years.

The details of its environmental performance appear to contradict statements it has released in the last few days as pressure has grown over its green and ethical image.

Body Shop was responsible for at least three releases into the sewage system which were detected initially by the local sewage authority, a senior official of the authority said yesterday.

In a letter, published in the Financial Times on Wednesday, Mr Gordon Roddick, Body Shop's chairman, said there had been two spills from its New Jersey warehouse of 30 gallons of shampoo two years ago after which it "immediately notified the authorities".

However, documents obtained by the Financial Times show that the company released a total of at least 62 gallons of shampoo or shower gel in three spills, two in 1992 and another in 1993.

On each occasion, it was officials of the Hanover Sewage Authority who identified the releases and traced them back to the Body Shop.

In another incident in 1993, Body Shop notified the authorities immediately when sub-contractors hired while it was cleaning its warehouse emptied adhesive remover chemicals into the system.

Mr Michael Wynne, executive director of the authority, said yesterday: "It should have been relatively easy for them to comply with our regulations. They kept saying they were going to move."

He said Body Shop provided assurances that it would improve its systems after the first incident, but after two more it decided to issue it with a permit.

He said he believed that the spills were readily preventable, and that there should have been time for Body Shop to identify them and notify the authority before its officers did.

Body Shop yesterday said it was aware of two spills totalling 60 gallons and the release of the cleaning chemicals, but that while it was difficult to determine the exact sequence of notification the spills were insignificant.

"We have never said we are a perfect company. This is a small incident in the life of a worldwide company. Things like this do happen," it said.

Problems in US behind fall at Willis Corroon

By Richard Lapper

A poor performance in the US depressed interim profits at Willis Corroon, the insurance broker.

Pre-tax profits fell by 14.3 per cent to £54.1m, compared with £63.1m at the half-way stage last year. Earnings per share on continuing operations fell by 8 per cent from 8.6p to 7.9p. The quarterly rate of dividend, however, is maintained at 1.65p.

Brokerage and fee turnover – including discontinued operations – fell by 2 per cent to £362m (£371m). Interest and investment income fell to £20.7m (£27.1m).

The decline was concentrated in the first quarter, when news of problems in a number of US retail operations emerged. There were improvements in the second quarter, with overall turnover rising by 3 per cent. Even so, over the six months profits generated by the North American brokerage operations fell to £1m, compared with £8.3m at the same stage of last year.

Willis attributed its US problems to "tough market conditions and strong competition". In addition, business has been lost following the defection of a number of construction risk specialists to a rival broker.

Moves to replace these staff and strengthen other parts of The North American direct, reinsurance, and aerospace operations have increased costs, with expenses up by 6 per cent in the continuing operations to £328m (£308m).

Mr Roger Elliott, executive chairman, also pointed out that "local issues" had adversely affected some of the company's US offices and were now being addressed.

Analysts are not convinced that management action will prove adequate, however. "Willis's problems appear far from over," said Ms Julianne Jessup, of Kleinwort Benson.

Expenses from discontinued underwriting operations amounted to £3.7m, compared with £12m last time.

Movements in exchange rates benefited the results by £3.7m.

Share of profits of associates amounted to £5.6m (£5.3m). Interest payable totalled £2.6m compared with £3.5m.

● COMMENT

There is little in Willis Corroon's latest results to encourage investors, who have seen the sharesmarked down sharply in recent months. Conditions in the US retail sector remain especially tough, with competition – especially in the the casualty market – under pressure. And following the recent increase in expenses, the group could find that it is running simply to stand still. On a positive note, successful hedging will offset some of the impact of the expected weakness of the dollar. Even so, pre-tax profits for 1994 could be as low as £65m, putting the shares – at yesterday's closing price of 153p – on a prospective multiple of 15. Despite their recent fall, they still do not look particularly cheap.

Hambro C'wide surprises with loss

By Simon Davies

Hambro Countrywide, the estate agency and financial services chain, surprised the stock market yesterday with the announcement of an interim loss, in spite of increasing house sales and an improved market share.

The share price fell 5½p to 49p, as Hambro revealed a pre-tax loss of £707,000 for the six months to June 30, compared with a £13.4m profit. Brokers had expected a profit of £3m.

The figures were depressed by a £1.8m provision against unrealised losses from its gilt portfolio, reflecting the falling bond market. This compared with a £1.2m profit from these investments last time.

Increased turnover of £49.2m (£48.8m) reflected improved house sales.

However, the key figure was an unexpected rise in losses from its estate agency division to £2.18m (£1.73m).

Mr Colin Finch, deputy chairman, said: "Its not surprising in a market which has failed to sustain any recovery in activity."

The estate agencies sold 23,341 houses during the period, and increased market share, against an estimated decline in the market of about 3 per cent.

However, staff numbers increased from 2,487 to 2,539, and after three years of freezes, the staff finally achieved a pay increase.

The average house price increased by 5 per cent to £64,700, but increased revenue did not keep track with costs.

Life assurance activity declined from £5.34m to £1.66m. This reflected the bond losses, and a change in accounting policy, whereby some £2.75m of additional commission was paid by the life division to the financial products division.

Financial Products produced a profit of £1.06m, compared with a £1.53m loss, but overall the insurance product division reflected the lack of activity in the estate agencies that sell its products.

Losses per share of 0.21p compared with a profit of 3.86p. There is no interim dividend (0.5p).

● COMMENT

The operational gearing of Hambro was demonstrated yesterday, when lower than expected housing sales led brokers to slash profits forecasts from £10m to £4m. Few dare pin any forecasts to next year. The agency business needs to sell 50,000 houses a year to break-even, but will be hard pushed to clear 47,000 this year. Once it has overcome that barrier, profits will take off, and the shares are on a p/e of 58, reflecting that possibility. But with management admitting that prospects are extremely uncertain, the shares should only be for the speculator.

Disappointing order levels restrain growth at Weir

By Paul Taylor

Disappointing order levels in the second quarter held back Weir Group, the pumps and engineering products company which yesterday announced a $210.5m (£136m) US acquisition partly funded by a £96m rights issue at 252p and a 10.6 per cent increase in interim profits.

Pre-tax profits increased to £18.5m in the 26 weeks to July 1, against £16.8m, despite a £1.3m fall in interest income to £334,000. However, the company cautioned that the comparative figure was affected by a £2.43m exceptional charge for redundancy costs.

Earnings per share increased to 8.3p (7.4p) and the interim dividend is raised 7 per cent from 1.925p to 2.06p.

The shares closed 2p higher at 304p although analysts expressed disappointment about the company's flat order book. Lord Weir, chairman, said order intake for the first quarter was strong but fell in the second quarter.

For the first half of the year he said the order intake closely matched turnover at £213m (£223.6m) and for 1994 as a whole he said turnover was likely to be similar to last year's £449m.

Lord Weir said business conditions had shown little change. "While there remain many opportunities in the market, particularly overseas, competition is still strong and we are not minded to take business at inadequate margins simply for the sake of volume.

"As has been the case now for some two years, demand for spares has still to recover to historic levels."

Although he acknowledged that the level of order intake in the second half was "obviously not a helpful factor in the remainder of the year", he expressed confidence that the group would nevertheless produce satisfactory results and, "a creditable performance in the circumstances".

● COMMENT

Weir had been looking for a suitable acquisition to boost its international sales. The US acquisition was welcomed yesterday as a sensible deal at a reasonable price. EnviroTech's products are seen as complementing Weir's specialist engineering products and will provide the group with much improved international sales and marketing coverage. Analysts, however, were disappointed by the news on the order book and the group's slow growth. Pre-tax profits should still top £39m this year, but the shares, which are trading on a forward multiple of about 17, look fully valued compared with others in the sector.

Engineering sale helps Bridon to £3.3m

By Paul Taylor

Bridon, the Doncaster-based wire and wire rope supplier which has been undergoing a substantial restructuring, yesterday reported sharply higher interim pre-tax profits of £3.3m, up from £1.1m.

The pre-tax result for the six months to June 30 included an £800,000 credit from the sale in April of the lossmaking engineering division, as part of the group's comprehensive restructuring programme, dubbed Project 360. Net interest costs fell to £1.4m (£1.8m).

Turnover from continuing operations was flat at £139.8m (£141.5m) while the discontinued engineering businesses added £10.5m (£22.3m).

Earnings per share increased to 5.1p (1.6p) and the interim dividend is unchanged at 1.25p.

Operating profits for continuing activities increased to £4.2m (£1.8m after £1.2m of restructuring costs). The core wire, wire rope and associated products business contributed £2.4m (£1.5m) on turnover of £116m (£114.8m).

Mr Ron Petersen, chief executive, said all of the group's distribution companies, with the exception of CIFAST in Italy where there were now signs of improvement, had improved their performance during the period.

In manufacturing, while there were no further increases in the cost of wire rod in the first half, increases were expected in the second half. However, Mr Petersen said the market place remained intensely competitive.

Last month the group ceased production at its Belgian rope manufacturing plant. Production of specialised crane ropes is being transferred to the UK. The £4.5m costs of closing the Belgian facility will be taken against the provisions made in the 1993 accounts.

The costs of acquisitions and restructuring in the first half were more than offset by the benefits of the £13m proceeds from the disposal of the engineering division.

Net borrowings at June 30 were £21m (£28m), representing gearing of 23.6 per cent.

Kleeneze sells store chain

By Tim Burt

Kleeneze Holdings, the home shopping group, yesterday announced its withdrawal from high street retailing with the sale of The Leading Edge, its store chain.

The group's five lossmaking outlets – selling innovative products ranging from an electronic thesaurus to designer clocks – are being sold to Revelation (Piccadilly), the privately-owned luggage retailer, for about £850,000.

Mr Robin Klein, Kleeneze chairman, said the deal marked the culmination of a two-year restructuring which has seen it sell three subsidiaries: Molly Housewares, Kleeneze Hygiene and Dalton Young – its toiletries division.

The move follows the collapse of a joint venture with PowerStore, the showroom buy-out from London Electricity, to develop The Leading Edge into a profitable chain of at least 40 outlets.

Although Mr Klein said store sales had been encouraging, high overhead costs and onerous lease agreements led to losses of £1.03m in the year to August 31 last year and a £324,000 deficit in the six months to February 28.

"This completes our transformation into a focused home shopping group. It removes the final lossmaking activity and it will free management time and working capital which can now be concentrated on our growing business – Kleeneze Homecare and Innovations."

The shares were unchanged at 203p.

Graham advances 25% but cautions on housing market

By Peggy Hollinger

The housing market has become more uncertain in the last three months according to Graham Group, the recently floated builders' merchant which yesterday announced a 25 per cent increase in interim profits.

Mr Ian Mills, managing director, said the rate of growth in the housing market was expected to slow in the second half. Low price inflation of 1.5 per cent and a glut of newly-built houses were expected to hinder the market. "It is a recovery that has a lot of uncertainty around it," he said.

Mr Mills said that although the housebuilding market had "stormed ahead" in the first half, Graham's business was more dependent on builders fitting out the inside of houses. "We have to be sure that the houses which have been built will in fact sell through."

In spite of such concerns, Mr Mills was sure the group – demerged from BTR in March through a £210m flotation – would perform well this year. The core plumbing, kitchens and bathrooms side increased market share in the first half.

Pre-tax profits rose from £7.28m on a pro forma basis to £9.13m for the six months to June 30, on sales ahead 11 per cent at £203.3m.

The profits expansion reflected efforts to improve margins by selling a better mix of product. Operating margins rose from 4.2 per cent to 4.9 per cent in the first half.

Graham's £36m three-year refurbishment programme was already beginning to bear fruit, Mr Mills said. Sales were ahead by 45 per cent in revamped outlets which had been open for more than six months, against a group average of 16 per cent like-for-like growth. Eleven sites had already been refurbished and a further 20 would be completed in the second half.

The maiden interim dividend is 1.75p, payable from earnings per share increased by 23 per cent on a pro forma basis to 5.3p.

● COMMENT

Graham's gloomy comments say more about the group's caution than the market. All those houses that have been built will eventually have to be kitted out with bathrooms and kitchens, so whatever happens, sales will come through at some stage. On its own merits, Graham has a lot to go for and seems to be making all the right moves. The results are beginning to show through in the margin improvement and in increased market share. Forecasts are for about £18m this year, giving a prospective multiple of 18. The group's real recovery, however, is a year and a half away. Investors who bought in at the flotation are sitting quite nicely. Otherwise, the shares are pretty well up with events.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bridon	int	1.25	Jan 6	1.25	-	4
Graham	int	1.75	Nov 21	-	-	-
GRE	int	2.85	Jan 3	2.65	-	7.6
Hambro C'wide	int	nil	-	0.5	-	0.75
Life Sciences	int	1.6	Nov 4	1.4	-	3.9
News Intl	fin	0.72	Oct 18	0.72	1.44	1.369
Quicks	int	2.25†	Nov 16	2	-	5
Rentokil	int	1.01	Nov 7	0.84	-	2.85
Shorco §	int	2.7	Oct 7	2.4	-	5.2
Slough Estates	int	3.1	Oct 13	3.1	-	8.1
Weir	int	2.06	Nov 11	1.925	-	6.5
Welsh Industrial	fin	4	Oct 21	4	4	4
Willis Corroon	int	1.65‡	Oct 3	1.65	-	6.6

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Third interim; makes 4.95p to date.

Farringford looking for acquisition as losses rise

Pre-tax losses at Farringford increased from £655,000 to £896,000 in the year to February 28.

Directors said current operations were inadequate to enable the company to trade profitably. A recapitalisation and acquisition were required to secure its future.

A number of potential acquisitions had been reviewed and an announcement to shareholders was likely in the near future.

Sales fell to £636,000 (£654,000). An exceptional charge of £563,000 (£317,000) related mainly to a reduction in the value of the Farringford Hotel on the Isle of Wight, the company's main asset.

Losses per share widened to 3.6p (2.8p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Forecast Pool purchase price £/MWh	Final Pool purchase price £/MWh	Final Pool selling price £/MWh
0030	10.50	10.50	10.50
0100	9.60	9.61	9.61
0130	9.60	9.60	9.60
0200	9.60	9.60	9.60
0230	9.60	9.60	9.60
0300	9.60	9.60	9.60
0330	9.60	9.60	9.60
0400	9.60	9.60	9.60
0430	9.60	9.60	9.60
0500	9.60	9.60	9.60
0530	10.40	9.61	9.61
0600	10.60	9.61	9.61
0630	11.00	9.61	9.61
0700	13.12	11.29	13.77
0730	16.25	16.71	19.19
0800	16.95	18.04	20.52
0830	16.95	17.75	20.23
0900	18.64	18.58	21.06
0930	18.76	19.22	21.87
1000	18.77	33.11	36.60
1030	18.77	33.11	36.60
1100	18.78	19.33	21.81
1130	18.79	19.33	21.81
1200	18.80	24.56	27.04
1230	18.80	24.56	27.04
1300	18.77	19.32	21.80
1330	36.82	19.32	21.80
1400	18.73	18.21	20.69
1430	18.73	18.04	20.52
1500	18.62	17.75	20.23
1530	18.25	17.40	19.88
1600	18.25	17.35	19.83
1630	18.25	17.35	19.83
1700	17.34	28.63	29.11
1730	18.25	28.63	29.11
1800	18.25	28.63	29.11
1830	16.95	17.40	19.88
1900	16.95	17.40	19.88
1930	16.73	17.11	19.59
2000	16.69	17.11	19.59
2030	31.73	16.33	18.81
2100	31.73	16.33	18.81
2130	31.73	23.79	26.27
2200	23.25	33.33	35.85
2230	16.44	23.79	26.27
2300	16.53	16.33	18.81
2330	16.35	16.33	18.81
2400	13.65	13.40	15.88

[illegible]

Development activities revived as industrial demand improves

Slough advances to £33.3m

By Simon Davies

Slough Estates, the UK's largest industrial property company, yesterday announced a 16 per cent increase, from £28.8m to £33.3m, in pre-tax profits for the six months to June 30, reflecting an improving rental market.

Sir Nigel Mobbs, chairman, was "confident about the medium term prospects for property in general and the company in particular". He said Slough was seeking more acquisitions, following the £76m invested in the first half.

After a lull during the property slump of 1991-92, the company has revived its property development activities, constructing 145,000 sq ft of property in the last six months. It is proceeding with a further 230,000 sq ft of development.

Mr Derek Wilson, group managing director, said Slough would proceed with selective "speculative developments", as demand for new industrial property had substantially improved.

Turnover fell from £99m to £92.5m as a result of a sharp decline in property trading activity.

Property investment revenue, however, increased from £66m to £72.1m.

In the UK, occupancy rose from 92.2 per cent to 93.4 per cent, as the company achieved significant lettings. Occupancy levels for its international portfolio also improved.

During the period, the company sold A$46m (£21.9m) of Australian property at above book value, but trading profits amounted to only £800,000 and there were £500,000 of provisions against the values of its trading portfolio. Property investment profits amounted to £59.5m (£55.3m).

Slough acquired a £15.3m industrial estate, the £55m Winnersh Triangle business estate, and £5.5m of industrial property in London during the first six months of 1994, following five years of limited activity.

The company is looking for other purchases, "on a selective basis".

Sir Nigel Mobbs: confident about medium term prospects

There was a £4.4m associates' profit from disposals from the Candover 1989 Fund, compared with a nil contribution in 1993.

Basic earnings per share increased from 4.4p to 4.7p.

The interim dividend is held at 3.1p, as expected, as the 1993 full year dividend was uncovered.

See Lex

Jupiter European to triple in size

By Bethan Hutton

Jupiter European Investment Trust has announced plans to raise more than £41m of new capital through a placing and open offer.

This would almost triple the size of the split-capital trust, which was launched in 1990 and has assets of about £25m.

"We believe the current weakness in European equity markets represents an opportune time to expand significantly JEIT's investment portfolio," said Mr John Duffield, chairman of Jupiter Tyndall Group, which manages the trust.

The issue will not change the capital structure of the trust, but it will increase the net asset value per ordinary share by 2.7 per cent, and increase the capital cover on zero dividend shares from 1.62 to 1.65.

All the 29m new zero dividend shares, at 46¼p, and 29m new ordinary shares, at 92p, have been placed with institutions, but can be recalled to meet demand from existing shareholders in the open offer.

The trust is also placing 5.8m new warrants at 52p. At this price, the zero dividend shares have an annualised gross redemption yield of 10 per cent, and the ordinary shares yield 2.3 per cent.

Existing shareholders and warrant holders are being offered new shares in the ratio of 1.3 new ordinary shares for each ordinary share held, 1.3 zero dividend shares for each zero held, and 1.3 ordinary shares and 1.3 zero dividend shares for each warrant held.

The open offer closes on September 16, and a meeting to approve the proposals will be held on September 19.

Mr Norman Lamont, the former chancellor of the exchequer, recently joined the board of Jupiter European as a non-executive director. He is also on the boards of two other investment trusts managed by Jupiter Tyndall.

BSkyB soars to £177m as subscribers increase

By Raymond Snoddy

British Sky Broadcasting, the UK satellite broadcasting venture, yesterday announced a continuing rise in both subscribers and profits in the year to June 30.

Profits for shareholders jumped from £54.1m to £176.8m, which includes external interest payments but not interest due on loan stock held by shareholders.

Amid speculation that the rate of increase in the number of subscribers had been levelling off, BSkyB said that during the year the number of paying subscribers had increased from 2.35m to 3.45m and the upward trend was continuing.

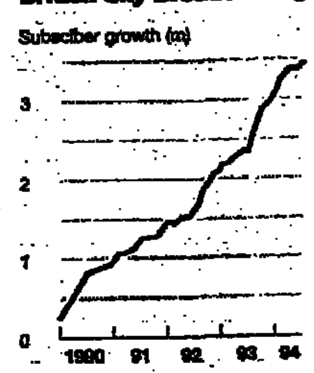
The company said that the number of subscribers to the BSkyB movie channels had now reach 2.6m, with 2.5m subscribing to the Sports Channel.

More than 88 per cent of all subscribers were paying for at least one premium channel.

The results were announced as the company plans to add four new programme services to the existing 12 channels in Sky Television's multi-channel basic package on top of a second sports service at weekends.

The four range from the 24 hours a day music channel, VH-1, to the Learning Channel, broadcasting for seven hours a day, a 12-hour Travel Channel and four hours a day during the week of the Romance Channel - devoted to soap opera.

British Sky Broadcasting



Source: BSkyB

The introduction of the new package of channels could presage an increase in the cost of the basic subscription package.

Mr Richard Brooke, chief financial officer, would only say yesterday: "Pricing is something we look at as we add value to the package."

BSkyB returned £620m to shareholders during the year, £120m from operating cash and £500m in loans raised from a syndicate of banks.

Mr Brooke said he expected to pay a further £200m this year towards the £1.25bn still outstanding on their investment.

The main BSkyB shareholders are News Corporation with 50 per cent, Pearson, the media and information group which owns the Financial Times, and Chargeurs, the French transportation and media group, with 17.5 per cent cent each and Granada Group with 13.5 per cent.

Mr David Chance, deputy managing director of BSkyB, said he was confident that the current upward trends in satellite dish sales and subscriptions would continue.

"In the last five weeks dish sales have increased from 11,000 to 17,000 a week and that's before the autumn promotion," he said.

He added that "churn" – the industry term for subscribers who have switched off – had been cut from 15 per cent in 1992-93 to 12 per cent this year.

Turnover increased from £379.8m to £550.5m with operating costs rising from £318.3m to £380.4m.

Operating profits of £170.1m (£61.5m) were boosted by a £20m profit on the sale of the second Marcopolo satellite which used to broadcast BSB services before the merger with Sky.

Losses of £4.3m from associated companies related to the start-up cost of the 50 per cent-owned Nickelodeon children's channel.

Finnish purchase lifts Life Sciences

By Tim Burt

Life Sciences International, the laboratory equipment company, yesterday announced a 28 per cent increase in first half profits after enjoying contributions from new acquisitions and improved European distribution.

Input from Labsystems, the Finnish pipette maker acquired for £33.5m last year, helped lift pre-tax profits from £10.3m to £13.2m for the six months to June 30, on turnover ahead 31 per cent at £86.8m (£66.2m).

Of the increased profit, almost half was due to the new subsidiary.

"Labsystems has been very important to us," said Sir Christopher Bland, chairman. "It has strengthened our presence in Europe and given us access to new markets in China and Japan."

The subsidiary's buoyant performance underpinned trading profits of £14m (£10.2m), and helped offset subdued conditions in key markets such as North America, France and the UK.

Nevertheless, the group said it managed to overcome weak demand by building market share "through the exertions" of its direct sales force.

The shares closed up 8p at 153p, some 43 per cent ahead of the year's low of 107p.

Sir Christopher, formerly chairman of London Weekend Television, claimed partial responsibility for the market's renewed enthusiasm.

"When the shares dipped, I doubled my holding to some 2m shares. It restored confidence and cheered people up a bit."

He also said the group hoped to reduce gearing from 71 per cent – equivalent to borrowing of £28m – to less than 60 per cent by the year end.

Borrowings increased following the purchase of Labsystems and the £15.9m acquisition of Hybaid, the molecular biology company, in June.

The large proportion of high margin products, meanwhile, helped cash generation reach 82 per cent of trading profit.

Earnings per share rose from 4.3p to 5p, on a fully diluted basis.

An interim dividend of 1.6p (1.4p) is declared, with a scrip alternative for the fifth successive year.

● COMMENT

Having given up the helm at LWT, Sir Christopher has been able to devote more time to Life Sciences. It shows. The group has bounced back from disappointing full year figures thanks to better housekeeping and profits from Labsystems, which has proved a very shrewd acquisition. However, some hurdles remain before it achieves the kind of growth to push the shares back to January's 171p high. It must pursue greater market share in the UK and win sizeable orders from the US government's research funding budget. If it achieves those two goals, full year profits could exceed £28m. On a forward multiple approaching 14, the shares are worth considering as a long-term investment.

Fairey $14m US buy

Fairey Group, the industrial electronics and specialist engineering group, has agreed the purchase of Massachusetts-based Imaging Technology.

Consideration for this manufacturer of modular computer boards amounts to $13.9m (£8.9m) cash, satisfied from Fairey's existing resources. Completion, subject to formal confirmation by Imaging shareholders, is expected to take place next month.

The US group made operating profits of $100,000 during the year to March 31, on sales of $12.3m.

JFB raises £6.25m in MBO and issues trading warning

By Katrina Lowe

Johnson & Firth Brown, the specialist engineering group, is selling a portfolio of companies from its light engineering division to Clearbase, a consortium led by Mr George Hardie, joint managing director and finance director of JFB.

JFB also said that problems at Woodbank (UK), a loss-making light engineering company, were "considerably more serious than previously expected" and were likely to have an adverse effect on trading in the year to September 30.

JFB said the gross proceeds would be £6.25m cash, representing consideration of £3.97m and £2.28m as repayment for inter-company debt. Further payment up to £500,000 might become due depending on the extent to which Clearbase was able to utilise tax losses being transferred to it.

In June, JFB announced interim pre-tax losses of £842,000, against profits of £2.07m, and said there were plans to sell companies in the light engineering division as part of the group's efforts to focus on core activities.

Mr Hardie said yesterday that £2.75m of the funding would come from the management and venture capitalists, with the remainder from Bank of Scotland. Gearing was expected to be about 90 per cent. The post of finance director, would be filled by Mr Tony Edisbury, JFB company secretary.

Shareholder approval for the deal will be sought at an extraordinary meeting on September 12.

Turnover of the companies being sold amounted to £21.2m in the year to September 30 for pre-tax profits of £783,000.

JFB's shares closed 3p down at 41p.

NEWS DIGEST

Quicks advances to £1.94m

Quicks Group, the Manchester-based motor distributor, reported interim pre-tax profits ahead by 41 per cent at £1.94m, against £1.38m.

Turnover for the six months to end-June improved 52 per cent from £98.5m to £150.3m, helped by the acquisition of Laidlaw in July last year.

The result was struck after interest charges of £905,000 (£644,000). Earnings per share came out at 5.3p (5.2p), taking account of the £8.78m placing and open offer to fund the Laidlaw purchase. The interim dividend is raised from 2p to 2.25p.

London City has 85% of Towles

London City Equities now controls 85 per cent of the voting rights of all shares in Towles. All offers have been declared unconditional.

London City now speaks for 83.08 per cent of the ordinary, 82.21 per cent of the A ordinary, 89.48 per cent of the A preference and 87.8 per cent of the B preference.

Murray Income net assets slip

Net asset value per ordinary and B ordinary shares of Murray Income Trust stood at 314.4p at June 30, down from 367.8p six months earlier and 316.9p at end-June 1993.

Available revenue was £9.54m (£8.71m) and earnings per ordinary share came out at 11.42p (10.49p) – or 11.31p (10.39p) assuming full conversion of the B shares.

As already announced, the final dividend is raised to 4.3p, making 11.3p (10.9p) for the year, and the directors forecast a 7 per cent increase in the final dividend for 1995 to 4.6p which, with the previously forecast interim of 7.26p, would take the total to 11.86p.

Select Industries loss widens to £2.32m

Select Industries, which joined the USM in September last year, reported losses of £2.32m pre-tax for the year to June 30, against £889,000 for the previous six months.

The company, which has changed its year end from December to June, makes the AirBoss wheel system. Its ultimate holding company is AirBoss of Australia.

Turnover was £1.04m (£311,000). Mr Simon Raynaud, chairman, said sales had exceeded £1m for the first time and had doubled compared with the previous 12 months. He added that the loss was in line with management projections.

The company intends applying for a full listing next year.

Roxspur in black with £0.12m

Roxspur yesterday reported its first full-year profit since it was floated as Levercrest in June 1990, helped by improved manufacturing efficiency and a contribution from Brearley Group, acquired in March.

On increased sales of £4.51m (£4.18m) a pre-tax profit of £120,000 was achieved, compared with a £125,000 deficit previously.

Roxspur said that its strong second half bias had continued.

Levercrest, which manufactures and installs playground equipment, increased manufacturing efficiency and made a substantial contribution to operating profits of £189,000 (£29,000 losses). The operating line was struck after absorbing £175,000 of abortive acquisition costs.

In the 10 weeks since its acquisition, Brearley added £4,000 to overall pre-tax profits on sales of £703,000. The group makes electronic and electro-mechanical products.

Group earnings per share were 0.4p, compared with losses of 0.9p.

Oxford Molecular makes £5m US buy

Oxford Molecular Group, which came to the market in April, is acquiring IntelliGenetics, a US-based company which develops DNA and protein sequence analysis software, for £5.2m.

The consideration consists of $625,000 (£403,000) in cash, £850,000 in loan notes and the issue to Amoco Technology, the vendor, of 6.51m new ordinary shares.

Oxford, which develops computer software for use in drug design, also announced pre-tax losses almost doubled, from £488,000 to £933,000, for the half year ended June 30.

Mr Roderick Hall, chairman, said the deficit reflected significant investment in personnel and products to develop the business.

Turnover advanced by 84 per cent to £1.09m (£591,000), including £590,000 of hardware sales. Software turnover increased by 4 per cent.

Losses per share on an increased capital emerged at 3.5p (4.4p).

£4.78m non-core sales by UK Safety

UK Safety, the footwear manufacturer, has raised a further £4.78m from the sale of non-core assets acquired when it reversed into TSW-Television South West, the former independent television contractor.

It has sold its remaining holding in Société Européennes des Satellites, the operator of the Astra satellites, for £4.08m, a surplus over book value of £2.3m, making a total profit on the whole disposal of £3m.

It is also selling the studios and former offices of TSW in Plymouth for £700,000, producing a loss of £550,000 against book value.

Welsh Industrial net assets up 31%

Welsh Industrial Investment Trust lifted net asset value per share by 31 per cent, from 156p to 203.6p, during the year to April 5.

Net profits dropped from £86,727 to £53,183. Mr Alfred Stirling, chairman, said this reflected the continued trend to lower interest rates and low yields on the trust's selected growth investments.

Earnings per share dropped from 6.13p to 3.65p; a maintained single final dividend of 4p is recommended.

Shorco advances to £306,000

Shorco Group Holdings maintained its improvement with pre-tax profits up sharply from £80,000 to £306,000 in the first half of 1994.

Turnover of the USM-quoted group, which has interests in trench support systems and allied equipment, rose 27 per cent from £3.33m to £4.21m.

Basic earnings per share reached 6.6p (1.7p) or 6.5p fully diluted and the interim dividend is stepped up to 2.7p (2.4p). A 1-for-2 scrip issue is proposed.

Scottish Investment asset value 273.3p

Scottish Investment Trust saw a decline in its net asset value from 280p per share at its October 31 year-end to 273.3p at July 31. However, over the 12 months net asset value rose by 7.6 per cent.

Gross revenue for the nine months increased to £22m (£20.5m); the costs of servicing the new £50m debenture, however, meant that pre-tax revenue slipped from £14.1m to £13.1m.

M&G Income net asset value at 73.3p

The split capital M&G Income Investment Trust had a net asset value of 73.3p per capital share at July 31, down from 93.45p at end-January, but representing a modest increase on a year-on-year basis.

Net revenue for the six months improved to £6.72m (£6.06m) for earnings of 2.72p (2.46p) per income share. A second interim dividend of 1p makes 2p to date.

● The smaller M&G Recovery Investment Trust reported net asset value per capital share of 70.04p as at June 30, up from 67.59p a year earlier.

Attributable revenue for the three months to end-June amounted to £1.41m (£1.31m), equivalent to earnings of 1.05p (0.99p) per income share.

An unchanged first interim distribution of 0.85p is declared.

Delaney turns in £232,000

Delaney, the shopfitter and joiner, consolidated its recovery in 1993 and reported a pre-tax profit of £232,000 for the half year to June 30.

The outcome compared with a loss of £187,000 last time and came from turnover up from £7.52m to £8.97m. Earnings per share emerged at 0.2p (0.2p losses).

No interim dividend is declared, but Court approval for a share capital reconstruction was granted on July 20, leaving the way open for the company to distribute profits.

RECRUITMENT

JOBS: Many organisations are not tapping the drive and enthusiasm of graduates

Tired corporate bodies reject new blood

The seasonal emergence of thousands of university graduates on to the jobs market has initiated the annual debate among recruiters about their respective merits.

Typically, this appears as a series of gripes and moans about the graduates' quality and commitment. Graduates are either too complacent, too confident or too timid. It seems that they cannot win, no matter how they approach their job applications and interviews.

Once through the door, full of vigour, eager to prove themselves, how often do they find themselves reined in and told they must walk before they can run? How many have their confidence undermined by older hands ready to focus on mistakes but sparing with praise when a job is well done?

These are some of the comments collected by a Glasgow-based employment consultancy. A graduate working in consulting said: "I joined the company and I had a brilliant training course and then I just wasn't given anything to do. There were a load of us who were all assigned together and, all right, we had a good laugh, sat there playing cards all day, but it's not really how you anticipate spending your first months with a company."

Another said: "Something I found quite strange was that the whole idea of recruiting externally was to bring bright new blood in, new ideas. But anybody who goes against conventional ideas and traditions finds it just works against them. It's very much a case of don't rock the boat and you'll do fine."

Such negative experiences are far too common, according to Yellowbrick, the consultancy which collected them. Instead of focusing on the merits of graduates, it has chosen to study the different approaches towards their employment. The resulting report – Delivering the Promise – concludes that many organisations have become complacent about the recruitment of graduates and do too little to maximise their potential.

The company conducted interviews with graduate recruits and personnel departments in 15 private and public sector organisations, reflecting a broad sectoral spread and which between them were *responsible for recruiting some* 2,000 graduates a year.

It found that selecting graduates is an expensive business. A recruitment cost of £25,000 per graduate is a realistic figure, says the report, although estimates among different employers ranged from £5,000 at the lower end to as much as £40,000.

When salary, training and overhead costs are included, a new graduate will cost an employer in excess of £100,000 over the first three years, says Yellowbrick.

You might expect, with that kind of outlay, companies would give the same thought to developing their graduates as to a new product range. Instead, many employers appear to take the view that graduates are wet behind the ears and know nothing. Whether it has anything to do with the generation gap or fading memories of youth, some managers continue to harbour resentment, even hostility, towards the product of universities.

The result in such workplaces is that enthusiasm and drive are less likely to be tapped than drained away. But why recruit them at all if your approach is the corporate *equivalent of putting bromide in* the tea?

The report says graduates are recruited for three basic reasons: their future potential and prospects in senior management; their intelligence and knowledge to do an immediate job; and for their injection of new ideas and energy.

In spite of this, companies often fail to live up to the expectations of graduates, sometimes leading to disillusionment, an early move and a loss to the employer of the front-end investment in their careers. If companies portray themselves at the recruitment stage as fast moving and dynamic and fail to deliver this image in reality, they can expect a negative response from their graduates, says Yellowbrick.

The report finds that those companies which expect a lot of their graduate recruits receive the highest returns in terms of performance.

"Graduates arrive at an organisation with up to date knowledge, fresh creative potential, yet often this is ignored because the ideas may be put across in the wrong way," says Colin Graham, a Yellowbrick partner. "The challenge is to *help these recruits communicate* their ideas in a way that can benefit the employer."

He adds: "We asked every company when they expected the graduate make a significant contribution. Between six and 18 months was the standard reply but one company we went to replied: 'Day two'".

This meant that on their second day in their new job a group of young recruits would be given a project brief and budget of up to £100,000.

Graham commends the approach: "Graduates come to their new jobs with high expectations and these play an important part in their performance, attitudes and habits."

Since, according to a Department of Employment study, graduates spend, on average, only three years in their first job, it perhaps makes sense to make the most of them without delay.

While Graham concedes graduates would require further training specific to the particular job – sometimes because they need professional qualifications – the research had *found* the longer graduates were treated as trainees, the more likely they were to act as trainees.

Prof Charles Handy, whose books on the organisation of work have inspired new approaches to employment and management, says in support of the findings: "It has always seemed amazing to me that companies go to a lot of trouble to recruit the brightest of the bright and do nothing to use their brightness."

One of the main reasons for under performance of graduates, says the report, was poor management. "They should be assigned to competent professional managers who can give them responsibility while at the same time extending them the support they need," says Graham, who advises companies to carry out regular appraisals. "Graduates are used to continuous appraisal and they find it a useful source of encouragement."

Apart from its criticisms, the report found good practices worth highlighting. It identified SmithKline Beecham, the pharmaceutical group, and GKN, the engineering company, as having particularly effective graduate development policies. The cream of the SmithKline Beecham graduates from its worldwide recruitment is channelled into a fast track programme.

This allows them to tour its international offices and plants, developing new ideas and reporting directly to the main board.

The top two or three trainees from this group will then be promoted to a comparatively senior post, something like the post of marketing director of a Latin American subsidiary, in their mid 20s.

The report points out that companies such as GKN which take a long-term strategic view towards graduate employment have had far better results from their training programmes than those which turn their recruitment on and off with short-term economic fluctuations.

Unless companies approach their graduate recruitment in an organised, structured way they can only blame themselves if they see their promising youngsters walking out of the door to a competitor at the first opportunity. It is not simply lost investment, it can also be a loss to a company's reputation. Word about employment conditions soon gets around among young people with fresh university networks. Those new graduates may prove to be your best job advertisements for next year's crop. Respect their achievements, put them to good use and do it quickly.

The full report, Delivering the Promise, costs £295 and can be obtained from Yellowbrick, Suite E5, Block 5, Templeton Business Centre, Glasgow G40 1DA. (Tel: 041 554 4500, fax: 041 554 2803).

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ACCOUNTANCY COLUMN

Role of auditing submerged by small print

Roger Davis argues that the profession needs to take more heed of clients' demands than standards

It is time that the auditing profession stopped hiding behind technicalities and faced up to the need to make its service more relevant to its clients.

British industry has a huge stake in the auditing profession. Company audits cost some £2bn annually. Audited accounts affect all major business decisions. Auditing firms train many of the brightest graduates for an industrial career. The auditor is a valuable independent source of advice to management.

It is therefore a great mistake that industry's interests are largely being ignored in the long-running debate on the role of auditing. My firm's recent surveys show that what company directors increasingly want from their auditors are: the courage to constructively to challenge them about their stewardship, innovative ideas, and, above all, a commercial outlook.

What the profession is doing instead is immersing itself in developing a plethora of arcane accounting and auditing rules with which industry is, frankly, getting fed up. The first UK accounting standard had nine pages, the latest has 137.

Dependence on a litany of technical jargon from somewhere the other side of the ozone layer will seriously depreciate the asset prized most by company directors: the auditors' independence of mind to tell the board, from their wide professional experience, what they really think.

We have a disconnection of major proportions. And if the more strident academics have their way, the audit would become a highly regulated activity. The auditor-director relationship would become adversarial. Far from enhancing the value of audit to directors, shareholders and anyone else, compliance with the rules would become the end in itself. It would be demoralising to the outlook of young people joining the profession.

What we need to do is encourage expansion of the auditor's mind, and not of the rule book. I am ashamed to say that the academics do not need much encouragement. Auditing firms themselves have been asking for more rules. It is partly a self-induced weakness to avoid having to make difficult judgments in a competitive climate.

But others must also take their share of the blame. Time was when the auditor's words "my judgment" were invariably respected. Now all too often the response is "Show me the rule which says we can't do it," not only from company directors but from lawyers and from financial institutions peddling artificial accounting schemes.

Auditors' fears about litigation are now taking a real grip on this mentality. It is safer to be able to say in court that you complied with all the rules. I did not join my profession to become the involuntary equivalent of a Lloyd's Name, or even worse to underwrite risks the commercial insurance market will not touch. But by signing an audit report today, that is increasingly the position I am in: risking being unjustly sued.

The debate is far from academic. A creeping legalistic mentality in the profession will be debilitating to industry and the economy. Commercial decisions are increasingly taken with an eye over the shoulder towards how they will look in the accounts. But a 100-page accounting or auditing standard will not define a good financial judgment any more than it will an elephant.

There will be greater encouragement to short-termism because of the loss of flexibility to account for the longer term substance of decisions. It will be debilitating to the auditor's mind-set: tidying figures into the right boxes diverts the auditor's focus from the underlying commercial performance.

Not least, it will weaken the commercial outlook of graduates the profession trains for industry, many of whom, unlike other countries, join the profession with non-accounting degrees.

Colleagues in other countries who have gone further down the same path have cautioned me against following them. In the United States, there are now 117 accounting standards and hundreds of other official pronouncements. There are, for example, references to lease accounting in 99 accounting regulations.

In most of continental Europe, the legal form of accounts, often driven by the tax regime, is a dominant factor, as it is for Japan. But all still have business scandals. The detailed standards do not appear to have stopped them.

No one can argue against greater comparability of accounts – which is one purpose of the standards. But there is no absolute in comparability. The only question is how far do we go? International comparability has to be the goal, but the chances of this diminish as each country goes on expanding its own accounting lexicon.

The British created accountancy as a real profession in which experienced professional judgment counted for more than theory. It led much of the world. It is time for my profession to wake up and realise we now face the greatest challenge in our history to retain our relevance to the business community.

The inescapable choice is either to continue on the slide to a legalistic profession or for the profession to do something about it. I am encouraging all my partners to carry out a simple test in boardrooms. At every board meeting or audit committee we attend to present the results of the audit, we should say to the directors: "On a points scale of 0 to 10, this is what we think about the quality of your profits and the quality of the balance sheet.

"This is how much of your profits have come from making widgets and that is how much has come from ephemeral activity and from financial schemes. And, as the final test of quality, we have compared the profits with the cash flow and that is how much is in the bank."

Equally, on the subject of internal controls, I suggest that we tell directors the five most important things they need to put right. The idea is simple, and because of this it works. Every director joins in the discussion.

The directors are beginning to throw back similar questions to us. "On a points scale of 0-10 how do our accounts overall compare with best practice?" is a recent quote I heard. The answer we gave of 8½ was not acceptable. "I don't deal in halves, and there is a big difference between 8 and 9 in my view," the director said, thus putting pressure on the auditor to come off the fence.

It is this kind of simple question and answer test which reflects the mood of the great majority of boardrooms around the country. It accords with the business-like way in which directors run their meetings.

A major problem remains: that a lot of unproductive time still needs to be spent on accounting minutiae. Because the rule book is already so long, the auditor has painstakingly to explain interpretations of the standards, and to discuss other potential hostages to fortune which may be referred to the regulator by those with axes to grind.

Auditors need to convey in everyday language to non-accountants in the boardroom what they really think as a result of thousands of hours of audit effort. The benefit of all this effort can easily be lost in the five minutes they have to make their impact – which is about the length of time it takes to read the first couple of pages of the latest accounting or auditing standard.

In summary, the profession needs to reposition itself away from its narrow compliance mentality towards being a genuinely independent, professional adviser, challenging boards in the everyday commercial language of business. We should be in the crow's nest warning of icebergs, not below decks busily defining what an iceberg looks like.

The author is head of audit at Coopers & Lybrand

COMMODITIES AND AGRICULTURE

World wheat forecast cut by 8m tonnes

By Richard Mooney

The International Wheat Council has reduced its estimates for 1994-95 world wheat production and, to a lesser extent, consumption.

In its latest Grain Market Report the London-based IWC blames reduced crop expectations for Russia, Canada, Pakistan, Turkey and Australia for the 8m-tonne cut, compared with its projection a month ago, in the production figure. This is now put at 536m tonnes, 23m below the 1993-94 total. Its consumption estimate has been cut by 3m to 554m tonnes.

As a result of persistent hot, dry weather in July Russia is now expected to produce 37m tonnes, 1m less than indicated in the July report.

The Candian forecast, down 800,000 tonnes from last month at 23.8m, is now 4m tonnes below the 1993-94 outturn. The IWC attributes this to a drop in spring sowings as growers switched to more profitable crops like canola (oilseed rape) and soyabeans.

With drought conditions persisting in the eastern states of Australia another 2m tonnes has been trimmed from that countries estimate, taking it to 12m tonnes, 33 per cent below last season's output.

● Senator Bob Collins, Australia's primary industry minster, is still more pessimistic, writes by Nikki Tait in Sydney.

He told the federal parliament yesterday that the country's national wheat harvest was likely to be little more than 11m tonnes in 1994-95 as a result of the severe drought conditions in parts of Queensland and New South Wales.

The minister said that the most recent updates suggested that the NSW crop would be about 20 per cent of the previous year's production – "about a million tonnes instead of 5m last year". In 1993-94 Australia produced almost 18m tonnes of wheat and this formed the country's seventh largest export category.

The only encouraging feature that Senator Collins could point to was some helpful late rains in Western Australia, one of the major wheat-growing states. "It looks as if there'll be a reasonable crop from WA," he said.

The drought conditions are relatively recent in NSW, but have persisted for four years in Queensland, causing major problems for the farm sector.

Palm oil prices at highest since 1984

By Kieran Cooke in Kuala Lumpur

Export prices for Malaysian palm oil have hit the highest levels for more than 10 years and traders are forecasting further gains as world demand increases.

This week the export price for immediate delivery of Malaysia's crude palm oil reached M$1,402 (£354) a tonne – the first time since 1984 that prices had breached the M$1,400 mark.

"Rising demand, particularly from China and Pakistan, plus lower Malaysian production this year is likely to push prices up still higher," said a Singapore-based commodities trader.

Malaysia is the world's biggest producer of palm oil, accounting for about 55 per cent of total global output.

Mr Lim Keng Yaik, the country's minister of primary industries, said that Malaysia's palm oil output this year was likely to be lower than the 7.4m tonnes produced in 1993 because the local crop was "over-stressed" after two years of good yields.

Its palm oil stocks have been steadily declining in recent months: according to latest statistics from the palm oil registration and licensing authority, stocks at the end of July were 451,500 tonnes, a 4 per cent drop on the previous month's figure.

Meanwhile Malaysia's palm oil producers have stepped up pressure on the government to take action to alleviate severe labour shortages in the plantation sector.

Plantation owners say that more should be done to ensure that foreign workers stay on the plantations and not move after a few months to factory jobs in urban areas. Many palm oil and rubber estates in Malaysia are more than 60 per cent staffed by immigrant workers.

Fishmeal plants gobble up Peru's marine wealth

Sally Bowen reports on the crisis threatened by overcapacity and inefficiency

Peru's fishmeal industry, already the world's number one exporter in 1993, is set for even more spectacular figures this year. The catch in the first six months was almost half as large again as last year's and, with new plants coming on stream along the coast, quality is on the increase as well as quantity.

"It's an extraordinary year for fishing," says Mr Dante Matellini, the retired admiral who presides over Pescaperu, the world's largest fishmeal producer. Pescaperu was created in the early 1970s when the then left-wing military government nationalised the bulk of the privately-owned plants.

With favourable climatic conditions and fish stocks fully recovered after the 1991-92 ravages of the warm current known as "El Nino" (The Child), Mr Matellini has more to keep him busy than simply producing and selling fishmeal. He is also charged with the privatisation of the state's assets: some 20 fishmeal factories and four fishoil refineries.

Pescaperu's sale was originally announced almost two years ago. Now new chief, Mr Matellini, has redrawn the strategy to sell the plants as separate, legally-constituted companies rather than as simple assets. The plants are valued at between $5m and $10m apiece, but all require substantial investment and upgrading.

Privatisation has proved delicate as well as slow. Workers made redundant under a rationalisation scheme have demonstrated vociferously in Lima's streets. Now the fishing lobby, the SNP, is also objecting to the sale.

"Pescaperu is a seven-headed dragon," says Mr Lucas de Tramontana, the SNP's vice-president and a major shareholder in Pesquera Austral, the second largest private fishmeal producer. "We believe not more than half-a-dozen of its plants should be sold." An official proposal to that effect has been put before the privatisers.

The SNP's objection is that Peru's existing plant capacity vastly exceeds the fish available for processing. In a "normal" year, hundreds of small Peruvian fishermen land about 6.5m tonnes of "industrial" fish, primarily anchovy and sardine, caught within 30 miles of the shore by traditional, low-tech methods.

Last year, more than 8.4m tonnes of fish were extracted and, by the time the twice-yearly fishing ban came into force on 1 August, that total had already been matched. But, working at capacity, Peru's hungry processing plants can gobble up around 20,000 tonnes of raw fish an hour.

By early July, Pescaperu had exported 450,000 tonnes of fishmeal, worth $144m – about a third of the 1994 national total so far. Each year, however, its share dwindles as private producers bring new, high-technology plants on stream to turn out "special" quality fishmeal.

One such is the $22m installation belonging to Sindicato Pesquero (Sipesa), near the port of Matarani on Peru's southern coast, where fish stocks are now proving more reliable. Sipesa is far and away the country's leading private company, with 1993 exports worth $75m. This year's shipments could be 50 per cent higher.

Pesquera Austral, in the number two slot and investing heavily, has recently brought two new special quality plants on line, both south of Lima. It has launched a $30m Euronote issue to help finance restructuring and expansion.

In all, the SNP's general manager, Mr Richard Diaz, can reckon up some $400m in fresh private sector investments planned and already under way for fleet and plant modernisation.

But, with all the entrepreneurial activity, Peru's anchovy and sardine stocks are being stretched to their limits – some suspect they may already be over-fished. The last time Peruvian fishermen caught quantities similar to this year's was in record-breaking 1971. That free-for-all decimated stocks and plunged the fishmeal industry into crisis for years.

The UN's Food and Agriculture Organisation is working with Peru's fisheries ministry and maritime institute (Imarpe) to make a better evaluation of the resource. Mr Diaz says "preliminary information from the study indicates there may have been errors in calculating the biomass in previous years. Or else the 'biological' fishing ban has allowed stocks to build up."

Nevertheless, the anchovy and sardine caught off the Peruvian coast are finite. Apart from improving the conversion ratio of raw material to finished product fishmeal producers may soon have no alternative but to move into deeper waters where virtually untapped stocks of horse and jack mackerel abound.

Investment in deep-sea trawlers, of course, is expensive and, according to the SNP, Peru's very private fishing sector (no Peruvian fishing company is yet publicly traded) carries a heavy burden of debt.

One option for the forward-looking company is a joint venture backed by foreign capital. Peru's Sotomayor group, 40 per cent owned by American Proteins of Atlanta, has embarked on a tuna-fishing venture in association with JIDO, the Japanese investment and development organisation. The first of a projected four-ship fleet is already operating off the Peruvian coast and selling tuna to Japan for sashimi.

Dutch company Van der Zwan, meanwhile, has bought back seven Dutch-built trawlers originally supplied to now-liquidated Flopesca, the former state-owned high seas fishing fleet. In a joint venture with a local company based in Peru's northern port of Paita, a couple of the reconditioned trawlers are to produce frozen fish, mainly hake, for export to Europe.

A further, obvious option is for Peruvian companies which see the writing on the wall is to launch a public share offering. Both Sipesa and Sotomayor say they are considering it.

MARKET REPORT

Zinc is main LME bright spot as others consolidate

ZINC was the strongest of the London Metal Exchange contracts yesterday as prices responded to good fourth quarter consumption prospects and the fact that tight supplies of concentrate (an intermediate material) would induce a natural control over production levels in the not too distant future.

Trade and speculative buying, coupled with short-covering, prompted an early rise to $1,000 a tonne for three months delivery, a level last seen five weeks ago. Profit-taking appeared at that level and the price fell back to $995.

But the buyers were quickly back in the driving seat and by the end of after hours (kerb) trading it was quoted at $1,002 a tonne, [illegible] from Wednesday.

Most other [illegible] the markets attempted to consolidate gains made earlier in the week. Following Wednesday's $32 rise, three months COPPER retested resistance around $2,420 a tonne before slipping back to $2,411. But it ended the kerb at $2,416, up $1.

Traders suggested that it might not be until after the UK's long holiday weekend that a further serious attempt would be made on resistance around $2,430.

Three months positions for LEAD and NICKEL met effective resistance at $600 and $6,020 a tonne respectively. Last business in lead was at $595, down $4 a tonne from Wednesday, while nickel touched $6,050 before ending the day at $5,990, up $65 a tonne.

ALUMINIUM succumbed to some trade selling and profit-taking after Wednesday's strong performance and the three months prices fell back to $1,512 a tonne before ending at $1,513, down $11.

At the London Commodity Exchange COFFEE futures ended down but well off lows as industry and trade buying supported a thin market pressured by tight supplies and threats of further damage to Brazilian crops resulting from the continuing dry weather in growing regions, dealers said.

The November futures position closed at $3,553 a tonne, down $20 on the day, after a steeper downturn had been stemmed by considerable industry buying, according to one trader. "It should have gone down much more – in a range of $60 to $70 [lower] – based on New York's close," he said.

Dealers also said lower production estimates for Brazil made by German commodity statistics agency F.O. Licht had supported the market, which was generally pulled down by trade liquidation and profit-taking following the strong rises of Monday and Tuesday.

In its report Licht said it had cut its 1995-96 Brazilian crop estimate by 8.5m bags (60kg each) to 18m and attributed the drop, in part, to the recent Brazilian frosts.

Compiled from Reuters

Canadian wood industry faces pay strike threat

By Robert Gibbens in Montreal

The IWA-Canada union, representing British Columbia's wood workers, has demanded pay increases totalling 18 per cent over the next three years.

The employers' group, Forest Industrial Relations, immediately dismissed the demand as "out of line" and far from reflecting recent pay settlements generally in Canada.

The union, which last week won a strike mandate from its members, said the industry was making large profits and could afford a good increase.

"Its a stand-off and we're not sure we'll amend our position," said Mr Gerry Stoney, IWA-Canada president. No negotiations are scheduled yet.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1486-7	1515-6
Previous	1487.5-8.5	1518-9
High/low	1491/1490	1523/1512
AM Official	1489.5-90	1517-8
Kerb close		1512-3
Open int.	273,543	
Total daily turnover	47,200	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1545-55	1565-70
Previous	1550-55	1570-5
High/low		1570/1565
AM Official	1550-60	1570-5
Kerb close		1560-70
Open int.	2,864	
Total daily turnover	606	

■ LEAD ($ per tonne)

Close	578.5-7.5	593-4
Previous	576.5-7.5	594-4.5
High/low		600/592
AM Official	580-1	595-5.5
Kerb close		595-6
Open int.	41,226	
Total daily turnover	5,403	

■ NICKEL ($ per tonne)

Close	5900-10	5985-90
Previous	5820-25	5910-15
High/low		6050/5950
AM Official	5925-30	6015-20
Kerb close		5990-6000
Open int.	56,672	
Total daily turnover	9,095	

■ TIN ($ per tonne)

Close	5280-90	5360-70
Previous	5205-15	5285-90
High/low		5385/5310
AM Official	5270-5	5345-50
Kerb close		5375-80
Open int.	17,465	
Total daily turnover	4,015	

■ ZINC, special high grade ($ per tonne)

Close	973-4	996.5-7.0
Previous	957.5-8.5	982-3
High/low	975	1003/991
AM Official	976-7	1000-0.5
Kerb close		1001-2
Open int.	100,076	
Total daily turnover	29,485	

■ COPPER, grade A ($ per tonne)

Close	2403-4	2413-15
Previous	2407-8	2417-8
High/low	2408	2424/2411
AM Official	2408-09	2417-8
Kerb close		2416-7
Open int.	211,087	
Total daily turnover	41,774	

■ LME AM Official £/$ rate: 1.5488
LME Closing £/$ rate: 1.5560

Spot:1.5535 3 mths:1.5518 6 mths:1.5483 9 mths:1.5440

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Aug	109.85	-0.25	109.85	109.75	139	53
Sep	109.25	-0.30	110.50	109.00	15,927	5,515
Oct	109.30	-0.10	109.70	109.30	802	60
Nov	109.15	-0.05	109.30	109.30	598	81
Dec	109.15	-0.35	109.75	108.80	21,242	7,296
Jan	108.90	-0.30	-	-	379	1
Total					46,838	13,383

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	383.20-383.60	
Opening	383.30-383.70	
Morning fix	383.40	247.435
Afternoon fix	383.30	246.797
Day's High	383.80-384.10	
Day's Low	383.00-383.40	
Previous close	384.00-384.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....4.29 6 months 4.60
2 months ....4.31 12 months 4.87
3 months 4.32

Silver Fix	p/troy oz.	US cts equiv.
Spot	339.10	526.25
3 months	343.45	531.35
6 months	348.45	536.15
1 year	361.50	554.80

Gold Coins	$ price	£ equiv.
Krugerrand	388-391	251-253
Maple Leaf	393.70-396.15	-
New Sovereign	89-92	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Aug	383.3	-0.4	383.5	383.0	288	514
Sep	383.7	-0.4	-	-	180	202
Oct	385.1	-0.5	386.0	384.8	9,621	1,376
Dec	388.1	-0.5	388.7	387.5	95,469	42,110
Feb	391.4	-0.5	392.0	390.8	13,026	153
Apr	394.7	-0.5	395.0	395.0	6,370	7
Total					161,366	45,968

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Oct	415.7	+1.0	418.0	413.0	17,713	2,410
Jan	418.9	+1.0	419.0	416.0	4,630	345
Apr	422.3	+1.0	421.0	421.0	1,880	3
Jul	425.3	+1.0	-	-	452	-
Oct	427.8	+1.0	-	-	102	-
Total					24,767	2,798

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Sep	152.75	-1.85	154.00	152.50	1,888	511
Dec	153.85	-1.85	154.50	153.75	4,780	533
Mar	154.35	-1.25	-	-	483	51
Total					7,131	1,095

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Aug	524.6	-0.3	523.0	522.0	33,413	22,895
Sep	524.7	-0.5	526.0	522.0	55,058	15,663
Dec	532.2	-0.5	533.5	529.5	37	-
Jan	534.5	-0.5	-	-	7,414	301
Mar	540.1	-0.5	542.0	537.5	3,937	11
May	545.5	-0.4	542.0	542.0	3,228	2
Total					116,601	39,074

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	17.29	-0.20	17.67	17.28	101,443	56,578
Nov	17.41	-0.14	17.70	17.38	51,554	16,718
Dec	17.48	-0.13	17.87	17.47	48,812	13,284
Jan	17.64	-0.01	17.88	17.57	29,304	3,511
Feb	17.63	-0.02	17.65	17.60	17,969	2,705
Mar	17.60	-0.02	17.65	17.60	15,280	1,544
Total					391,867	102,407

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	16.21	-0.14	16.45	16.10	82,894	18,320
Nov	16.31	-0.09	16.50	16.23	26,280	7,174
Dec	16.38	-0.08	16.51	16.26	21,160	2,764
Jan	16.35	-0.07	16.49	16.26	8,506	1,134
Feb	16.34	-0.02	16.37	16.33	3,905	390
Mar	16.28	-0.07	16.40	16.28	4,577	431
Total					22,230	30,418

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Sep	48.15	-0.40	48.75	48.10	18,945	9,516
Oct	48.85	-0.43	49.45	48.75	34,564	13,413
Nov	49.85	-0.43	50.41	49.80	19,336	4,845
Dec	50.85	-0.43	51.35	50.80	33,621	4,507
Jan	51.55	-0.48	52.10	51.50	19,479	1,741
Feb	52.00	-0.33	52.55	52.00	8,689	881
Total					164,776	38,889

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	149.50	+0.50	151.00	148.75	27,348	5,421
Oct	152.50	+0.75	154.00	152.00	23,694	2,073
Nov	155.25	+1.00	156.25	154.50	11,840	1,006
Dec	157.25	+1.25	158.50	156.50	15,962	1,287
Jan	158.75	+1.00	159.50	158.00	11,156	735
Feb	159.25	+1.25	159.75	159.00	4,246	65
Total					104,302	10,998

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Oct	1.600	-0.070	1.665	1.620	2,314	30,754
Nov	1.828	-0.059	1.880	1.830	27,863	13,838
Dec	2.095	-0.042	2.140	2.080	15,143	4,418
Jan	2.140	-0.025	2.166	2.110	21,183	3,987
Feb	2.090	-0.025	2.110	2.080	14,057	2,758
Mar	2.060	-0.017	2.075	2.050	9,310	1,275
Total					138,714	80,548

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Sep	49.35	-1.31	50.70	49.05	17,325	15,546
Oct	48.55	-0.88	49.50	48.40	23,507	16,815
Nov	47.90	-0.76	48.65	47.85	13,916	4,691
Dec	54.15	-0.91	55.05	54.15	8,408	1,735
Jan	53.40	-0.83	53.40	53.40	3,972	581
Feb	53.20	-0.28	53.20	53.20	2,903	956
Total					70,029	40,234

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	105.25	+0.65	105.00	104.90	362	15
Nov	105.85	+1.00	105.85	104.85	2,407	69
Jan	107.90	+0.90	107.90	107.75	1,818	127
Mar	109.85	+1.25	109.65	109.65	983	20
May	111.95	+1.00	111.95	111.50	1,125	118
Jul	113.05	-	-	-	187	-
Total					6,882	347

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Sep	355/2	+8/2	356/0	346/4	8,455	2,130
Dec	371/2	+8/2	372/0	362/0	43,549	11,357
Mar	379/4	+8/0	380/0	370/6	14,119	1,682
May	373/4	+8/6	373/4	365/0	1,260	94
Jul	352/4	+7/0	353/0	345/0	1,786	244
Dec	363/2	+6/4	-	-	13	-
Total					69,182	15,807

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Sep	221/6	-1/6	223/0	221/4	24,852	10,319
Dec	223/6	-0/6	225/0	222/6	126,500	34,629
Mar	232/4	-1/0	234/0	231/6	27,603	3,529
May	238/4	-1/0	239/6	238/0	11,324	717
Jul	243/0	-1/0	244/0	242/2	10,634	728
Sep	245/0	-1/0	-	-	854	9
Total					207,139	50,168

■ BARLEY LCE (£ per tonne)

Sep	104.10	+0.10	104.00	104.00	183	4
Nov	105.50	-0.60	-	-	448	-
Jan	106.50	-	106.50	106.50	305	10
Mar	108.70	-	-	-	66	-
May	110.15	-	-	-	21	-
Total					1,023	14

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Sep	579/6	-2/4	581/4	577/2	636	28
Nov	576/0	-1/4	575/4	572/2	11,480	3,670
Jan	583/6	-1/4	584/0	581/0	74,077	25,549
Mar	592/6	-1/2	593/0	590/2	13,120	1,394
May	600/0	-0/6	600/0	597/0	5,414	1,101
Jul	604/6	-0/4	605/0	601/4	3,745	397
Total					118,895	32,987

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Sep	24.86	+0.04	25.00	24.70	15,224	5,436
Oct	24.79	+0.05	24.89	24.62	15,839	2,596
Dec	24.66	+0.03	24.80	24.48	35,544	11,273
Jan	24.63	+0.07	24.70	24.45	6,176	991
Mar	24.54	+0.05	24.65	24.38	5,777	434
May	24.47	+0.05	24.60	24.30	3,956	280
Total					84,060	21,066

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Aug	177.5	-1.6	179.5	177.0	17,389	3,720
Sep	175.2	-0.7	175.9	174.4	12,059	2,532
Oct	173.3	-0.7	174.0	172.8	33,355	6,225
Dec	174.2	-0.8	124.7	173.6	5,673	657
Jan	175.1	-1.0	175.6	174.6	6,268	584
Mar	177.4	-0.8	177.7	176.8	4,010	10
Total					81,575	14,218

■ POTATOES LCE (£/tonne)

Nov	150.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	226.5	+13.5	227.0	217.0	1,374	225
May	240.0	-	-	-	-	-
Jun	107.5	-	-	-	-	-
Total					1,374	225

■ FREIGHT (BIFFEX) LCE ($10/index point)

Aug	1475	-3	1478	1470	413	61
Sep	1376	-24	1390	1371	702	93
Oct	1380	-20	1400	1370	811	112
Jan	1390	-17	1400	1375	472	45
Apr	1413	-22	1415	1410	162	8
Jul	1285	-4	-	-	60	-
Total					2,650	319

	Close	Prev
BFI	1473	1494

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Sep	1001	-20	1020	998	6,269	1,087
Dec	1034	-16	1050	1031	30,298	4,066
Mar	1058	-16	1072	1053	31,230	764
May	1067	-15	1080	1066	11,237	126
Jul	1077	-16	1092	1074	4,535	212
Sep	1087	-16	1102	1086	8,706	133
Total					102,786	6,386

■ COCOA CSCE (10 tonnes; $/tonnes)

Sep	1356	-9	1364	1339	539	58
Dec	1411	-18	1417	1397	41,990	6,596
Mar	1447	-18	1455	1436	11,149	283
May	1477	-14	1480	1467	3,208	29
Jul	1501	-14	1495	1487	2,482	12
Sep	1521	-14	1515	1515	1,305	-
Total					66,993	6,986

■ COCOA (ICCO) (SDR's/tonne)

Aug 24	Price	Prev. day
Daily	1064.95	1062.21

■ COFFEE LCE ($/tonne)

Sep	3618	-15	3621	3570	6,914	703
Nov	3553	-20	3575	3518	11,735	1,980
Jan	3509	-24	3520	3470	11,269	584
Mar	3452	-41	3470	3440	5,195	163
May	3423	-40	-	-	1,464	-
Jul	3400	-20	3410	3410	28	6
Total					36,605	3,396

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Sep	191.75	+2.75	192.00	188.90	704	150
Dec	197.80	+3.05	198.00	194.10	21,506	4,572
Mar	200.80	+3.05	200.95	197.70	5,900	506
May	201.50	+3.00	200.60	199.75	2,729	66
Jul	202.50	+3.00	201.60	200.00	658	82
Sep	203.50	+3.00	-	-	358	12
Total					32,133	5,389

■ COFFEE (ICO) (US cents/pound)

Aug 24	Price	Prev. day
Comp. daily	181.83	183.07
15 day average	176.47	177.00

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Oct	12.38	+0.03	-	-	1,801	-
Jan	11.82	-	-	-	-	-
Mar	12.27	+0.06	-	-	90	-
Total					1,891	-

■ WHITE SUGAR LCE ($/tonne)

Oct	322.30	+1.70	322.50	320.50	9,796	345
Dec	320.50	+2.20	320.00	319.00	1,444	84
Mar	319.80	+1.90	320.00	317.50	5,655	263
May	319.90	+2.20	319.80	319.80	484	3
Aug	321.30	+0.60	321.50	321.50	370	10
Oct	308.30	-0.20	-	-	166	-
Total					17,915	705

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Oct	12.11	+0.11	12.16	11.96	58,919	5,163
Mar	12.11	+0.10	12.15	12.01	52,172	4,142
May	12.05	+0.11	12.09	11.95	10,208	526
Jul	11.99	+0.07	12.01	11.88	4,236	56
Oct	11.85	+0.07	11.89	11.72	1,541	52
Mar	11.45	+0.15	11.48	11.44	469	60
Total					126,552	9,999

■ COTTON NYCE (50,000lbs; cents/lbs)

Oct	69.20	-0.67	70.00	68.80	4,852	779
Dec	67.48	-0.66	68.35	67.30	29,288	2,985
Mar	68.74	-0.63	69.50	68.55	8,928	416
May	69.75	-0.47	70.30	69.65	4,532	208
Jul	70.65	-0.35	71.05	71.00	3,468	53
Oct	69.40	-0.15	69.50	69.50	419	2
Total					52,748	4,446

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Sep	93.15	+1.10	93.30	91.90	4,834	780
Nov	96.75	+1.10	96.80	95.65	7,879	907
Jan	100.65	+1.06	100.50	99.40	4,552	202
Mar	103.80	+1.05	103.80	102.60	2,420	105
May	107.05	+1.05	105.00	106.00	852	-
Jul	109.05	+1.05	107.50	107.50	238	-
Total					21,079	2,044

Wool
Wool sold at higher prices this week wherever auctions were held. In Australia the Eastern States market indicator closed 22 cents higher than a week ago at 728 cents a kg. Prices paid for finer merinos were again rising more quickly than other categories but the rise was nevertheless general and definite. South African wool at the first auction of the season there sold at prices 6% to 12% higher than at the last sale in June, and there was a complete clearance. New Zealand crossbred wool was dearer on the week in the 2.5% to 5% range, and British wool at Wednesday's Bradford auction met with strong demand at prices 7.5% to 12.5% higher than at the comparable sale on July 27. Rising prices in recent weeks have brought out more business and some of it is well forward.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Aug 25	Aug 24	month ago	year ago
2068.8	2070.8	2122.3	1630.2

■ CRB Futures (Base: 1967=100)

Aug 24	Aug 23	month ago	year ago
230.22	228.91	232.58	217.15

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	70.100	-0.700	70.800	70.075	498	2,155
Dec	69.050	-0.400	69.450	69.000	34,839	13,368
Feb	68.575	-0.275	68.900	68.550	16,430	3,646
Apr	70.325	-0.425	70.750	70.300	10,980	1,301
Jun	67.500	-0.150	67.700	67.400	6,811	679
Aug	66.750	+0.050	66.750	66.600	1,746	106
Total					71,373	21,267

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Oct	39.425	-0.375	39.800	39.400	34	310
Dec	39.825	-0.525	40.400	39.750	12,072	1,962
Feb	39.825	-0.450	40.300	39.800	8,046	849
Apr	39.350	-0.275	39.675	39.350	2,210	338
Jun	44.050	-0.300	44.450	44.000	1,622	106
Aug	42.800	-0.200	43.100	42.800	533	27
Total					24,724	3,619

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	44.075	-0.400	44.800	43.750	119	39
Mar	43.925	-0.425	44.650	43.625	6,939	2,072
May	44.200	-0.900	45.000	44.200	460	204
Jul	45.475	-0.750	46.325	45.000	73	14
Aug	44.000	-1.200	-	44.000	128	15
					18	5
Total					7,724	743

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Oct	Jan	Oct	Jan
1475	53	96	26	47
1500	39	82	37	57
1525	28	70	51	70
■ COPPER (Grade A) LME	**Oct**	**Jan**	**Oct**	**Jan**
2350	96	125	22	65
2400	64	99	40	88
2450	40	77	66	114
■ COFFEE LCE	**Nov**	**Jan**	**Nov**	**Jan**
3250	441	556	138	299
3300	409	532	156	323
3350	379	506	176	347
■ COCOA LCE	**Dec**	**Mar**	**Dec**	**Mar**
1000	83	112	49	56
1050	59	86	75	80
1100	41	66	107	110
■ BRENT CRUDE IPE	**Oct**	**Nov**	**Oct**	**Nov**
1600	51	91	29	-
1650	35	57	61	105
1700	18	40	97	-

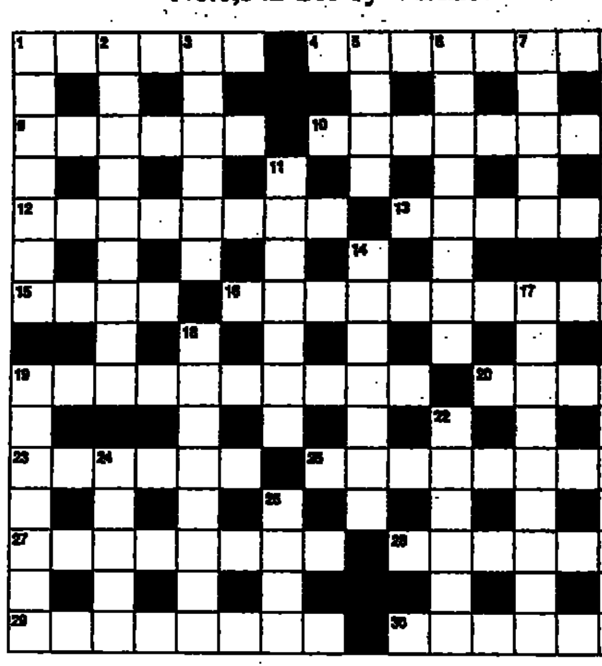
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Oct)		+or-
Dubai	$14.92-4.99t	-0.145
Brent Blend (dated)	$15.79-5.81	+0.07
Brent Blend (Oct)	$16.32-6.34	+0.05
W.T.I. (1pm est)	$17.47-7.49t	+0.01
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$194-196	-2
Gas Oil	$151-152	+1
Heavy Fuel Oil	$77-78	+1.5
Naphtha	$157-159	+1
Jet fuel	$165-166	+1
Petroleum Argus assessments		
■ OTHER		
Gold (per troy oz)♣	$383.40	-0.85
Silver (per troy oz)♣	525.5c	-1.00
Platinum (per troy oz.)	$411.65	+0.90
Palladium (per troy oz.)	$151.50	-0.75
Copper (US prod.)	114.0c	+2
Lead (US prod.)	37.75c	
Tin (Kuala Lumpur)	13.20m	+0.09
Tin (New York)	247.5c	+3.5
Cattle (live weight)†©	116.41p	-2.92*
Sheep (live weight)†♠©	89.57p	+1.16*
Pigs (live weight)©	78.95p	-1.46*
Lon. day sugar (raw)	$306.10	-0.80
Lon. day sugar (wte)	$347.00	
Tate & Lyle export	£310.00	
Barley (Eng. feed)	£107.5w	
Maize (US No3 Yellow)	$140.0	
Wheat (US Dark North)	£160.0	
Rubber (Sep)♥	90.50p	+0.25
Rubber (Oct)♥	89.50p	+0.25
Rubber KL RSS No1 Aug	320.00m	-4.00
Coconut Oil (Phil)§	$610.0z	+15.0
Palm Oil (Malay.)§	$615.0w	+10.0
Copra (Phil)§	$415	
Soyabeans (US)	£168	+1
Cotton Outlook 'A' index	75.70c	+0.20
Wooltops (64s Super)	454p	+6

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t Oct. z Sep/Oct. w Sep. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week. © Prices are for previous day.

CROSSWORD

No.8,542 Set by VIXEN



ACROSS

1 The way seamen can get update (6)
4 Sing and rile assembly, being in drink (8)
9 Fool accepting place just for the money (6)
10 Depressed by autumn rain? (8)
12 Persons involved in a row about agreement should show sense (8)
13 Sovereign title used only rarely (6)
15 Gin has some backing (4)
16 Prepare an old fellow for catastrophic conflict (10)
19 "Soften and support it?" one scoffed (10)
20 Food served very high (4)
23 Design sound equipment and win (6)
25 Survey the outlook for the future (8)
27 Social worker with inside job – he doesn't like going among people (8)
28 Many get permission to unite (6)
29 See about adjusting rates, given direction (8)
30 Do without light colour (6)

DOWN

1 Note a home is shabby in the extreme (7)
2 Reckless man having a spree – odd, very odd! (9)
3 Return later carrying a single report (6)
5 A club's pressing need (4)
6 The picket forming up in ten lines (8)
7 Pile into it, though it's really not suitable (5)
8 Left standing in the wind on sailing craft (7)
11 Article written on control inside (7)
14 They provide capital cover! (7)
17 This animal roamed about in drought conditions (9)
18 Long retaining a pro to provide personal protection (8)
19 An ecclesiastic head round about fifty (7)
21 Talk with new leader for example (7)
22 A stable guy found work at an inn (6)
24 Birds mean nothing at all to some sportsmen (5)
26 A bounder, though always seen among the elite (4)

Solution 8,541

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Equities make good progress in active trading

By Steve Thompson

Thr UK stockmarket gave an immediate and positive response to the 71-point surge of Wall Street overnight, mirroring a general upsurge in markets across the world.

Adding to the euphoric mood in the UK market was a feeling that the big institutions will now focus sharply on what is expected to be a strong upsurge in earnings and dividends payments in coming weeks as the September reporting season gets under way.

At the close of trading the FT-SE 100 index ended 29.0 higher at 3,234.2, its best level since March 17 and a rise of almost 63 points over the past three days. The FT-SE Mid Cap index, which has been left behind by the market's senior index recently, jumped 27.3 to 3,789.4, its highest level since April 28 this year.

The upsurge in share prices was given increased credence by market specialists who pointed to another substantial increase in the level of business transacted in London.

Turnover reached 843.5m shares, the heaviest single day's business for some months and with the market leaders accounting for almost half of that figure, indicating a sharp increase in the level of institutional buying in the FT-SE 100 stocks.

Analysts said the value of customer business in the market on Wednesday reached £1.68bn – the highest for some time – and added that marketmakers had reported a surge of retail buying interest yesterday.

Dealers in the UK were slightly unnerved by the power and pace of Wall Street's performance, which followed a surprisingly large 4.2 per cent fall in durable goods orders. Wall Street was also supported by a better than expected auction for some $11bn-worth of five-year bonds.

The FT-SE 100 began the day 33 points higher, as marketmakers hoisted their opening prices to try and head off any over-aggressive buying interest in areas where the market was known to be short of stock.

Renewed buying of the FT-SE future drove its premium to fair value up to around 30 points shortly after the opening but slipped back thereafter to end the session at around seven points.

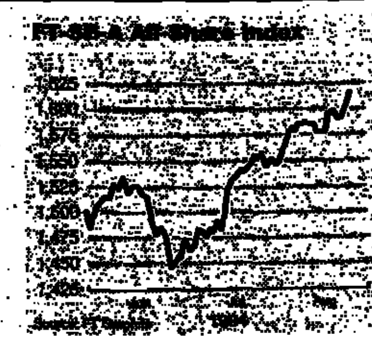
A strong opening and subsequent performance by gilts, which remained well bid all day, helped underpin the equity market.

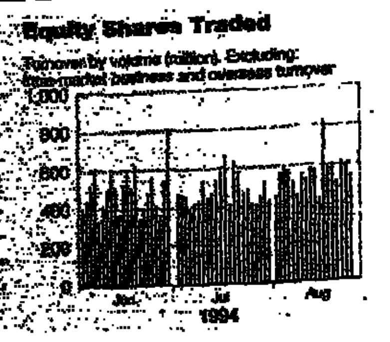
Activity in equities began to tail off around midday when the future turned off, a move which triggered a flurry of arbitrage activity in the future and the cash market.

But any selling of equities was generally well absorbed, dealers said. A disappointing opening by Wall Street, which moved quickly into negative territory shortly after the start of trading, did little damage to European markets. The FT-SE 100 trickled back to end the session still in good shape, and was influenced by a very heavy two-way trading programme, said to have been executed by BZW, the leading UK investment bank, and worth in excess of £100m.

The regional electricity stocks continued to race ahead, still boosted by share buy back stories, stakebuilding rumours and a generally bullish outlook for the companies. There was aggressive buying of Eastern Electricity with marketmakers noting persistent bids on the inter-dealer broker network. And Norweb rose strongly after the group announced big job cuts.

Standard Chartered moved up amid suggestions that a broker's buy circular is imminent while Redland rose strongly for the same reason. There was big switching in recently strong Prudential shares into Legal & General. Meanwhile, the composites, which have been strongly supported as gilts and equities moved up strongly, came under pressure as profit-takers moved in. Rentokil's interims were given a poor reception.





■ Key Indicators

Indices and ratios

FT-SE 100	3234.2	+29.0
FT-SE Mid 250	3789.4	+27.3
FT-SE-A 350	1631.3	+13.9
FT-SE-A All-Share	1617.45	+13.31
FT-SE-A All-Share yield	3.69	(3.72)
FT Ordinary Index	2529.5	+22.0
FT-SE-A Non Fins p/e	20.07	(19.89)
FT-SE100 Fut Sep	3243.0	+19.0
10 yr Gilt yield	8.63	(8.72)
Long gilt/equity yld ratio:	2.36	(2.36)

Best performing sectors

1 Tobacco ..... +2.0
2 Gas Distribution ..... +1.8
3 Retailers, Food ..... +1.6
4 Extractive Inds ..... +1.3
5 Electronic & Elec Eqpt ..... +1.3

Worst performing sectors

1 Other Services & Bens ..... -0.1
2 Water ..... -0.1
3 Food Manufacturers ..... -0.2
4 Insurance ..... -0.3
5 Oil, Integrated ..... -0.3

Eastern up on US buying

Eastern Electricity, the UK's leading regional electricity company (Rec), jumped as US investors bought the stock heavily in anticipation of further gains. The shares rose 26 to 848p on turnover of 4.4m and in expectation of a generously priced share buy-back by the company.

US investment banks Goldman Sachs and Salomon Brothers were both said to be pursuing the stock, and the price was pushed additionally higher following heavy options turnover the previous day.

Also, agency broker James Capel had been telling clients that, although the shares were technically on a market rating, they were cheap if the value of the National Grid flotation – due next year – was stripped out.

The details of the flotation are as yet unknown, but the Recs are keen to hand surplus cash back to shareholders and Capel believes it makes no sense for the Recs to sell their stake in the National Grid or to retain any of the stake for themselves. If they are to give it all away that would strip almost 200p from the share price and put them on a yield relative of around 120 per cent to the market.

Kwik Save jumps

Food retailer Kwik Save soared as contrasting stories did the rounds in the market. One tale was that Kwik Save was planning to acquire the Lo-Cost food retail chain from Argyll Group.

Another view held that 29.2 per cent stake holder Dairy Farm, a Hong-Kong based group, planned to sell its stake in Kwik Save – a move that could trigger a bid from the purchaser. However, both stories were treated with some caution by analysts.

Dealers also said that German discount food retailer Aldi was looking for a UK alliance and Kwik Save could be a candidate. However, the favourite for such an alliance remains Gateway.

Shares in Kwik Save closed 37 ahead at 649p, while Argyll put on a more modest 8 to 304p, after volume of 5.2m.

Tomkins active

Volume in conglomerate Tomkins soared to one of its highest ever levels after 25m shares were dealt, making it the day's most actively traded stock, after it forecast a 15.2 per cent dividend increase in a trading statement.

Analysts said the increase is enough to trigger conversion from the convertible preference shares to the ordinary shares, which could help tidy the balance sheet in preparation for an acquisition. The group's last takeover was foods group RHM in 1992.

The shares raced forward early in the session and were 13 ahead at the day's best on news that the current year dividend will be 8.5p, and that trading for the year to April 1995 had started well. They eventually came off the top after several analysts said there was "little new" information in the statement, to close a net 3½ better at 245½p.

Goldman Sachs was said to have been a keen buyer of the shares following recent presentations by the chief executive in the US.

Mr Andrew Mitchell at Smith New Court said yesterday's announcement was a further signal that it wished to return to the acquisition trail.

International news and electronic information group Reuters Holdings lifted 8½ to 512½p on consideration of a reiterated buy note from Goldman Sachs. The note focused on Instinet, the company's US-based equity brokerage service.

The announcement of swingeing job cuts by regional electricity company Norweb as a response to the government's price restrictions was taken exceptionally well by the market. Norweb stressed that many of the 1,200 staff facing redundancy would be nearing retirement and able to take voluntary redundancy. But the bottom line for the market was, said Yamaichi, "minimum 6 to 8 per cent real dividend growth and at least £40m in non-core earnings by 2000...a short-term target of 950p". The shares rose 17 to 822p.

Positive figures from satellite broadcaster BSkyB helped 17 per cent stakeholder Pearson rise 8 to 655p.

Sadly for former Sunday Express editor Ms Eve Pollard, her departure was taken well by the market. United Newspapers, owner of the ailing weekend tabloid, gained 8 to 553p on the news that she was being replaced by Daily Star editor Mr Brian Hitchen. However, optimism might also have been focused on the talk that former Sun editor Mr Kelvin Mackenzie would take over the helm at the Star, also part of the United group.

Allied Colloids shed 2 to 144p as a two-way pull developed on the stock. Smith New Court recently featured the stock as one of its stars in the sector but, yesterday, NatWest Securities said the shares had run "too far too fast" and advised investors to take profits.

Speculation that Granada Group was planning to bid for Gardner Merchant restaurant chain ensured that the shares closed only a penny ahead at 499p despite good news from BSkyB in which the leisure group has a significant stake. There was heavy turnover of 7.3m shares but dealers said some stock continued to overhang the shares.

Interim results from Guardian Royal Exchange, which showed profits more than doubled at £131m, and Willis Corroon, down from £63.1m to £54.1m, were largely in line with expectations. GRE rose 2 to 184p and Willis Coroon dropped a penny to 153p.

Mr Trevor May at BZW increased his full-year forecasts for GRE by £10m to £275m. "It is doing all the right things," he said. "GRE is one of the smallest but one of the healthiest; there is fundamental value there."

Elsewhere, a stock shortage helped Royal Insurance move ahead 3 to 293p. Among the life companies, bargain hunters helped push Legal & General up 11½ to 464p. Interim results from Graham Group, their first since flotation from parent BTR in March, initially took the shares 3 higher. The stock failed to maintain the early rise and dropped back to close a net 2 off at 190p.

Slough Estates, up 3 at 259p, was also slightly ahead of forecasts, with profit up 16 per cent at £33.3m, while Hambro Countrywide dropped 5½ to 49p after moving to losses of £707,000 compared with a £13.3m profit last time.

MEPC outperformed the market, closing 10 up at 464p, with analysts taking a positive view of its overseas exposure.

Services group Rentokil wasthe day's biggest faller among FT-SE 100 constituents after interim figures from the company disappointed the market. The shares fell 12 to 222p, after sizeable volume of 2.6m.

MARKET REPORTERS:
Clare Gascoigne,
Peter John,
Joel Kibazo,

■ Other statistics, Page 29.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (109).
BUILDING & CNSTRN (1) Shorco, BLDG MATLS & MCHTS (3) Halstead (J), Russell (A), CHEMICALS (3) Croda Int'l., MTM, Wolstenholme Rink, DISTRIBUTORS (4) Adam & Harvey, Faber Prest, Finelist, Northamber, DIVERSIFIED INDLS (4) ELECTRICITY (10) ELECTRNC & ELECT EQUP (2) ENGINEERING (4) Booth Industries, Bridon, Manganese Bronze, Sterling Inds., ENG, VEHICLES (1) First Technology, EXTRACTIVE INDS (12) FOOD MANUF (3) Greencore, IAWS A, HOUSEHOLD GOODS (3) Black (P), Denby, Osborne & Little, INVESTMENT TRUSTS (16) INVESTMENT COMPANIES (3) LEISURE & HOTELS (3) Castle Communications, Pelican, Tottenham Hotspur, MEDIA (6) Aegis, Grampian TVA, HTV, Int'l. Business Comms., Taylor Nelson, Yorkshire Tyne -Tees Wts., MERCHANT BANKS (1) Schroders, OIL EXPLORATION & PROD (3) OIL, INTEGRATED (1) Burmah Castrol, OTHER FINANCIAL (2) OTHER SERVS & BUSNS (1) PRTNG, PAPER & PACKG (2) PROPERTY (1) Argent, RETAILERS, FOOD (3) ASDA, Low (Wm), Morrison (Wm) Supermarkets, RETAILERS, GENERAL (8) Austin Reed, Brown (N), French Connection, House of Fraser, Oliver Group, Vendome Luxury Units., SPIRITS, WINES & CIDERS (1) Matthew Clark, SUPPORT SERVS (4) TEXTILES & APPAREL (3) Bulloss, Hicking Pentecost, Wensum, AMERICANS (2) SOUTH AFRICANS (1).
NEW LOWS (27).
BUILDING & CNSTRN (1) Eve, DISTRIBUTORS (4) Kwik-Fit, Litho Supplies, Ross, Walpec, ENG, VEHICLES (1) Ingham, EXTRACTIVE INDS (2) Sipa Resources, Walhalla, HEALTH CARE (1) Kynoch, HOUSEHOLD GOODS (2) Lionheart, Wyefield, INSURANCE (1) Topdanmark, INVESTMENT TRUSTS (1) OIL, INTEGRATED (1) OTHER FINANCIAL (2) PRTNG, PAPER & PACKG (1) Nocor, PROPERTY (1) RETAILERS, GENERAL (1) Upton & Southern, SUPPORT SERVS (2) TEXTILES & APPAREL (2) AMERICANS (3) CANADIANS (1).

EQUITY FUTURES AND OPTIONS TRADING

The derivatives sector had a strong session as dealers reacted to Wednesday night's sharp rise on Wall Street, *writes Joel Kibazo.*

In futures, the September contract on the FT-SE 100 opened strongly at 3,246 with dealers trying to maintain the momentum set by New York's overnight performance. But a big seller within the first hour ended the early euphoria and sent the contract retreating to 3,235 mid-morning.

This proved to be a brief set-back and good institutional demand helped September regain lost ground to move sharply ahead over the next few hours.

A squeeze around lunch time sent the contract to the day's peak of 3,264 and light arbitrage activity was reported at around this time.

September failed to hold above the 3,250 support level when Wall Street failed to continue Wednesday's strong rally and it closed at 3,243, up a net 18 and just ahead of its fair value premium to cash of about 6 points. Volume was 11,936 lots.

The strong market trend boosted activity in traded options with most of the day's activity centred on the index options sector.

Total turnover was 49,054 of which 11,880 was in the FT-SE 100 option and 11,909 contracts in the Euro FT-SE option. British Gas was the busiest stock option with 3,082 lots dealt.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3246.0	3243.0	+19.0	3264.0	3235.0	11936	55255
Dec	3259.0	3258.5	+19.0	3273.0	3249.0	599	8457
Mar		3279.0	+20.0			0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	3800.0	3800.0	+27.0	3800.0	3800.0	120	4391
Dec	3822.0	3821.0	-1.0	3822.0	3820.0	120	0

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	-	3800.0	-	-	-	-	636

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3238) £10 per full index point

	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P
Sep	198½	3½	151	7	108	12½	70	26½	41½	48½	19	80½	7	120	2½	170
Oct	209	19	168	27½	132	41	100	58½	71½	80	50½	109½	33½	143½	20½	181½
Nov	227½	30½	190	42½	154	58	123½	76	95½	97½	73	126	52	156	37½	193
Dec	246	44	210	57	174	71	144½	91	115	112	92	139½	70½	169½	53½	208
Jun†			296½	110½			236½	149½			184	196½			146	252½

Calls 6,477 Puts 5,313

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P
Sep	172½	5	127½	10½	87	19	52	31½	28	60	11	92½	5	136	1½	183
Oct	189½	24½	150½	35½	115½	50	84½	69	60½	94	41	124½	26	159	15½	198
Nov			176	45½			108½	82			61½	135½			31½	204
Dec			190½	61½			128	97			79½	147			45	210½
Mar†			296½	110½			236½	149½			184	196½			146	252½

Calls 8,581 Puts 2,628 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3500	3550	3600	3650	3700	3750 C	3750 P	3800 C	3800 P	3850 C	3850 P
Sep						98½	42	70	63½	48	91

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	21,000	67¼	+¾
Abbey National†	1,700	398	+2
Albert Fisher	4,400	47	
Allied-Lyons†	1,300	625	+6
Anglian Water	628	589	+8
Argos	281	362	+1
Argyll Group†	5,200	303½	+7½
Arjo Wiggins†	5,900	279	+6½
Assoc. Brit. Foods†	447	566	-1
Assoc. Brit. Ports	633	266	+2

FT - SE Actuaries Share Indices — The UK Series

	Aug 25	Day's chge%	Aug 24	Aug 23	Aug 22	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3234.2	+0.9	3205.2	3175.1	3171.3	3079.2	3.89	6.75	17.47	87.27	1217.81
FT-SE Mid 250	3789.4	+0.7	3762.1	3753.4	3749.8	3484.7	3.26	5.49	21.89	85.59	1405.77
FT-SE Mid 250 ex Inv Trusts	3791.7	+0.7	3764.9	3757.1	3754.7	3506.7	3.41	5.94	20.37	88.62	1403.14
FT-SE-A 350	1631.3	+0.9	1617.4	1604.8	1603.0	1542.0	3.74	6.46	18.33	42.37	1256.65
FT-SE SmallCap	1899.27	+0.4	1891.63	1888.66	1887.48	1777.73	2.98	4.16	30.80	37.04	1468.03
FT-SE SmallCap ex Inv Trusts	1862.57	+0.3	1856.50	1854.07	1853.05	1771.82	3.16	4.61	28.30	37.98	1443.24

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	1	11
Other Fixed Interest	3	0	12
Mineral Extraction	98	22	79
General Manufacturers	201	64	379
Consumer Goods	63	22	102
Services	153	45	306
Utilities	31	4	10
Financials	131	52	185
Investment Trusts	237	15	215
Others	69	16	34
Totals	1,044	241	1,333

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	August 22	Expiry	November 24
Last Dealings	September 5	Settlement	December 8

Calls: Bluebird Toys, Goldsmiths, Medeva, Merchant Retail. Puts: Body Shop. Puts & Calls: Aran Energy, Medeva.

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

FT GOLD MINES INDEX

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 High	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23	+1/8	£25¾	£20⅜	6,878	4.9	♦
ANZ A$		188	—	278¾	179¾	2,582	5.1	28.1
Abbey National	†N□	395xd	+2	523	361	5,221	4.9	13.4
Allied Irish E	‡†N□	246xd	+5	334	234	1,819	5.1	9.4
Anglo Irish E	N□	60	+1	*70	50	200.0	7.3	10.8
Asahi Y		749¼	-15	839¼	628	17,386	0.6	♦
Banco Bil Viz Pta		£15⅛	+⅛	£19⅞	£14⅛	3,477	5.6	6.7
Banco Sant Pta		£25¼	—	*£30½	£23⅞	3,867	5.5	9.2
Bk Ireland IE	‡□	278	+2	*318	246	1,278	4.8	7.8
Bank Scotland	‡N□	198	-1	247	172½	2,310	3.2	18.2
9¼pc Pf		113¼	+½	141½	113	113.8	10.2	—
9¾pc Pf		119	+½	148½	118¼	119.0	10.2	—
Barclays	‡†N□	578xd	+8	640	487	9,429	3.8	17.9
Dai Ichi Kan Y		£11⅛	-⅛	£12⅞	£10⅛	36,777	0.5	—
Deutsche DM		£298⅛	+3⅛	£344⅛	£270⅛	14,126	2.3	—
Espirito Santo		£16⅛	+½	*£23⅛	£15⅛	224.8	3.7	5.2
First Nat Fin	N□	66	-½	*90	60	116.5	2.7	—
6.3pc Cv Pf		77	—	*90	77	8.18	10.2	—
7pc Cv Pf		125½	—	171	123	99.6	7.0	—
Fuji Bank Y		1462¼	-32¼	1840¼	1152½	42,375	0.4	♦
HSBC HK	†N□	739	+4	1133	690	12,932	4.2	10.6
HSBC (75p Shs)	†N□	720	+2	1113	680	6,120	4.3	10.3
Lloyds	†N□	549xd	+1	669	519	7,109	5.2	10.8
Mitsubishi Y		£16⅛	-⅛	£18⅛	£15⅛	46,540	0.3	♦
Mits Tst & Bk Y		982¼	-37	1162¼	687½	11,590	0.5	15.0
Mitsui Tst & Bk Y		742¼	-19¼	879	514	8,896	0.7	24.6
Nat Aust A$	†	587	+3	620¼	489¼	6,786	5.8	10.8
NatWest	†N□	468xd	+6½	622	421	8,141	5.0	8.1
Ottomane FFr		£21¼	—	£33	£21¼	106.8	0.7	♦
Ryl Bk Scotland	‡†N□	405	+3	628	377½	3,240	3.7	18.3
Sakura Y		£9	-⅛	£9⅞	£8⅛	29,864	0.6	54.7
Sanwa Y		£13½	-⅛	£15⅛	£11⅞	38,776	0.4	—
Standard Chartd	†N□	292xd	+6	*359¼	223	2,421	3.2	8.6
7 3/8pc Pf		89xd	+½	106½	84½	85.0	10.6	—

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا وجد الاصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£27	—	£27½	£13¾	1,789	2.7	19.7
Barlow	Z	94½	+½	[illegible]	£3½	908.2	0.7	-
Gold Flds Prop R		75	—	113	75	7.87	12.5	ϕ
MK Props.	s	85	—	85	85	3.42	10.5	34.9
SASOL	♥	489	+14	489	280	2,886	3.0	-
SA Brews		£12½	-1/16	[illegible]	£10	3,458	2.2	20.4
Tiger Oats	†	600	—	[illegible]	538	902.2	2.6	12.7
Tongaat-Hulett	h	528xc	—	*610½	358¾	479.4	2.4	14.7

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £x235 a year for each security shown, subject to the Editor's discretion

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✠) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

INSURANCES

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FT MANAGED FUNDS SERVICE

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OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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Scottish Mutual Assurance plc

Scottish Provident Group

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

Century Life International Ltd

Eagle Star

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds

Abtrust Fund Mngrs Luxembourg SA (u)

Gartmore Luxembourg SA (u)

HSBC Investment Funds Luxembourg SA (u)

Henderson Management SA (u)

S.G. Warburg Asset Mngmt Lux SA - Contd.

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u)

Investissements Atlantiques SA

Yamaichi Advanced Technology Fund

OTHER OFFSHORE FUNDS

Europe 1992

Johnson Fry Securities Ltd

Putnam International Advisers Ltd

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Focus on CBI survey

The Swedish krona and the Danish krone were yesterday the most active currencies in an otherwise quiet day on the foreign exchanges, *writes Philip Gawith.*

Markets have struggled to develop direction or momentum in the absence of any important data releases. In the UK, at least, this should change today with the release of the CBI's monthly trends survey. The price expectations figure will be closely watched, for a hint of the likely outlook for UK interest rates.

In Scandinavia, markets are increasingly influenced by political factors, with Sweden facing a general election on September 18, and the date for a Danish election undecided.

The Swedish krona finished at SKr4.933 against the D-Mark, from a close on Wednesday of SKr4.952. Earlier it had fallen to a low of SKr4.9730 on rumours of a downgrading of Swedish debt.

The Danish krone closed at DKr3.965, from DKr3.967, after earlier weakening to SKr3.9790.

The dollar was firmer against the yen, helped by support from the Bank of Japan. It finished at Y99.735 from Y98.415. Against the D-Mark it rose half a pfennig to DM1.5462 from DM1.5411.

Sterling had a quiet day, finishing slightly down against the firmer dollar, at $1.5526 from $1.5558. Against the D-Mark it closed at DM2.4005 from DM2.3977.

■ The gyrations in the Danish krone appeared to owe more to concerns about the timing of the forthcoming election, than to Wednesday's details of the draft 1995 budget. A rumour doing the rounds suggested that the government might be planning a snap election in September, rather than waiting until November, as had generally been assumed.

Mr Jouni Kokko, international economist at S.G.Warburg in London, said the budget itself "had been very much a non-event." Much of the detail had been leaked in advance, the key feature being a moderate tightening of fiscal policy. Mr Erik Hoffmeyer, the central bank president, yesterday welcomed it, saying it was a continuation of the government's "cautious approach".

Mr Kokko said the market did not have too much to be concerned about, with the choice between what is already a good government, and one that might be more credible. "If there is a policy consensus anywhere in Europe, it must be in Denmark," he said.

The catalyst for weakness in Sweden was a repeat of the recent concern that Swedish debt might be downgraded.

Mr Jeremy Hawkins, chief economist at the Bank of American in London, said the Scandinavian currencies were trading fairly firmly. "However, at these sorts of levels they still offer an opportunity to go out and buy D-Marks, given that there is so much uncertainty ahead."

■ Analysts said the firmer tone to the dollar indicated optimism that a breakthrough would be achieved in US-Japan trade talks by the end of September deadline.

Dollar bulls also took comfort from the comments of Mr Fred Bergsten, the influential US economist, who said the yen had "fundamentally peaked" around current levels.

Japanese officials, however, were more cautious, with a senior official at the Ministry of Trade and Industry in Tokyo saying that he was "not optimistic" about an early trade deal with the US.

Mr Carl Weinberg, chief economist at High Frequency Economics in New York takes a similar line. Noting that the US trade gap had widened, relative to a year previously, in all but one of the last 28 months, he commented: "As long as the US trade balance remains unbalanced, it will take substantial capital flows – generated by substantial interest rate differentials and strong bond returns – to finance that gap. Thus the dollar needs bigger marginal changes than the Fed induced last week to hold it up."

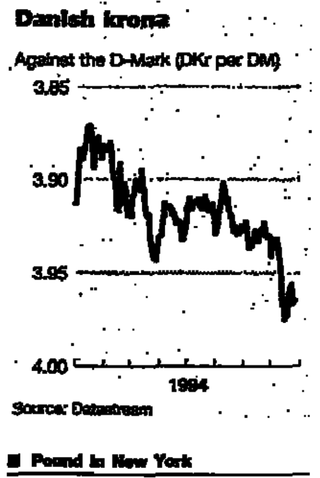
■ The short sterling market had another quiet day, but the release of the CBI survey will give it more to chew on. In his meeting with the chancellor on July 6, Mr Eddie George, governor of the Bank of England, noted that "the CBI price expectations balance had in the past been a good leading indicator of producer prices."

Another high balance – following on plus 12 in June and July – would increase expectations of a near term rise in base rates. Mr Hawkins of Bank of America said the expectation of higher rates tended to help sterling. Should the market decide, however, that the Bank is "behind the game" in fighting inflation, it may sell the currency.

The Bank of England provided late assistance of £270m to UK money markets. It did not operate in the morning and afternoon rounds, after forecasting a £300m shortage. Overnight money traded between 4 and 5¾ per cent.

■ In Germany, traders said call money was being bid down aggressively, with most trade occurring at 4.8 per cent, below the 4.85 per cent repo rate.

The market was unsure whether West German inflation data – prices rose by 3 per cent, year-on-year to August – helped or hindered the case for lower rates.



Source: Datastream

■ Pound in New York

Aug 25	—Latest—	– Prev. close –
£ spot	1.5533	1.5535
1 mth	1.5530	1.5513
3 mth	1.5514	1.5489
1 yr	1.5368	1.5391

■ OTHER CURRENCIES

Aug 25	£	$
Hungary	165.786 - 165.994	106.800 - 106.900
Iran	2714.00 - 2717.00	1748.00 - 1750.00
Kuwait	0.4613 - 0.4621	0.2972 - 0.2976
Poland	35298.3 - 35341.7	22740.0 - 22760.0
Russia	3348.85 - 3358.25	2157.00 - 2163.00
U.A.E.	5.6940 - 5.7055	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Aug 25		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8987	+0.0299	921 - 053	16.9089	16.8579	16.8944	0.3	16.8825	0.4	-	-	115.8
Belgium	(BFr)	49.4876	+0.0909	718 - 033	49.5170	49.3000	49.4876	0.0	49.4526	0.3	49.3176	0.3	117.0
Denmark	(DKr)	9.5161	+0.006	130 - 191	9.5333	9.5014	9.5254	-1.2	9.5519	-1.5	9.5916	-0.8	118.5
Finland	(FM)	7.8408	+0.0095	320 - 496	7.8500	7.8280	-	-	-	-	-	-	83.9
France	(FFr)	8.2266	+0.0104	241 - 291	8.2294	8.1963	8.2301	-0.5	8.2307	-0.2	8.1905	0.4	110.5
Germany	(DM)	2.4005	+0.0028	995 - 014	2.4036	2.3940	2.4005	0.0	2.398	0.4	2.3701	1.3	126.7
Greece	(Dr)	363.996	+0.172	704 - 287	364.474	362.433	-	-	-	-	-	-	-
Ireland	(I£)	1.0139	+0.0004	130 - 147	1.0147	1.0112	1.014	-0.1	1.0141	-0.1	1.0145	-0.1	104.1
Italy	(L)	2436.81	-0.43	525 - 836	2441.54	2433.76	2443.21	-3.2	2455.86	-3.1	2515.71	-3.2	76.3
Luxembourg	(LFr)	49.4876	+0.0909	718 - 033	49.5170	49.3000	49.4876	0.0	49.4526	0.3	49.3176	0.3	117.0
Netherlands	(Fl)	2.6954	+0.0048	942 - 989	2.6989	2.6881	2.6954	0.0	2.6927	0.4	2.662	1.2	121.1
Norway	(NKr)	10.5482	+0.0045	449 - 514	10.5613	10.5297	10.5482	0.3	10.5557	-0.3	10.5417	0.1	86.5
Portugal	(Es)	245.225	-0.125	108 - 342	245.659	245.047	246.955	-8.5	250.135	-8.0	-	-	-
Spain	(Pta)	200.116	+0.133	045 - 187	200.398	199.655	200.576	-2.8	201.396	-2.5	204.126	-2.0	85.8
Sweden	(SKr)	11.8442	-0.0283	364 - 519	11.8212	11.8331	11.8657	-2.2	11.9162	-2.4	12.1387	-2.5	74.1
Switzerland	(SFr)	2.0253	+0.0027	242 - 264	2.0269	2.0203	2.024	0.8	2.02	1.1	1.9881	1.8	121.3
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	78.9
Ecu	-	1.2608	+0.0008	599 - 613	1.2613	1.2582	1.2614	-0.6	1.2622	-0.5	1.2613	-0.1	-
SDR†	-	0.943961	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5520	-0.0036	517 - 523	1.5534	1.5475	-	-	-	-	-	-	-
Brazil	(R)	1.3787	+0.0049	769 - 804	1.3812	1.3726	-	-	-	-	-	-	-
Canada	(C$)	2.1324	-0.0068	316 - 331	2.1358	2.1260	2.1318	0.3	2.1319	0.1	2.1351	-0.1	86.3
Mexico	(New Peso)	5.2018	-	971 - 065	5.2070	5.1888	-	-	-	-	-	-	-
USA	($)	1.5526	-0.0032	523 - 528	1.5536	1.5475	1.5524	0.2	1.5507	0.5	1.5379	0.9	82.7
Pacific/Middle East/Africa													
Australia	(A$)	2.0892	-0.0131	881 - 902	2.0938	2.0849	2.0891	0.0	2.0905	-0.2	2.1087	-0.9	-
Hong Kong	(HK$)	11.9973	-0.0261	948 - 000	12.0047	11.9603	11.9934	0.4	11.9923	0.2	11.9983	0.0	-
India	(Rs)	48.7018	-0.1116	879 - 152	48.7310	48.5490	-	-	-	-	-	-	-
Japan	(Y)	154.844	+1.73	764 - 923	154.960	153.760	154.484	2.8	153.654	3.1	148.904	3.8	186.0
Malaysia	(M$)	3.9528	-0.0122	514 - 542	3.9587	3.9404	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5745	-0.0071	730 - 760	2.5788	2.5707	2.5784	-1.8	2.5862	-1.8	2.6084	-1.3	-
Philippines	(Peso)	41.1038	-0.0861	255 - 821	41.4725	40.8250	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8228	-0.0122	216 - 239	5.8265	5.8041	-	-	-	-	-	-	-
Singapore	(S$)	2.3300	-0.0053	288 - 311	2.3311	2.3219	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5586	-0.0108	565 - 606	5.5611	5.5407	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0952	-0.0148	785 - 118	7.1123	7.0712	-	-	-	-	-	-	-
South Korea	(Won)	1245.30	-3.15	494 - 566	1246.37	1241.40	-	-	-	-	-	-	-
Taiwan	(T$)	40.7026	-0.2459	749 - 307	40.8751	40.5996	-	-	-	-	-	-	-
Thailand	(Bt)	38.7905	-0.0501	687 - 122	38.8160	38.6720	-	-	-	-	-	-	-

†SDR rate for Aug 24. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Aug 25		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.8845	+0.042	820 - 870	10.9050	10.8680	10.8847	0.0	10.8845	0.0	10.7985	0.8	104.6
Belgium	(BFr)	31.8750	+0.125	700 - 800	31.9350	31.8250	31.9	-0.9	31.935	-0.8	32.07	-0.6	108.1
Denmark	(DKr)	6.1293	+0.0186	283 - 303	6.1545	6.1250	6.1358	-1.3	6.1583	-1.8	6.2343	-1.7	104.8
Finland	(FM)	5.0503	+0.0167	454 - 551	5.0658	5.0429	5.0458	1.1	5.0653	-1.2	5.1403	-1.8	78.5
France	(FFr)	5.2988	+0.0178	980 - 995	5.3120	5.2930	5.3018	-0.7	5.3078	-0.7	5.2715	0.5	106.6
Germany	(D)	1.5462	+0.0051	458 - 465	1.5499	1.5435	1.5464	-0.2	1.5465	-0.1	1.5412	0.3	107.5
Greece	(Dr)	234.450	+0.6	300 - 600	235.100	234.050	234.75	-1.5	235.415	-1.6	238.225	-1.6	69.5
Ireland	(I£)	1.5314	-0.0038	303 - 324	1.5339	1.5281	1.5302	0.9	1.5264	1.3	1.5084	1.6	-
Italy	(L)	1569.55	+3	880 - 030	1574.65	1569.70	1573.9	-3.3	1583.75	-3.6	1636.05	-4.2	75.5
Luxembourg	(LFr)	31.8750	+0.125	700 - 800	31.9350	31.8250	31.9	-0.9	31.935	-0.8	32.07	-0.6	108.1
Netherlands	(Fl)	1.7361	+0.0067	356 - 366	1.7395	1.7343	1.7369	0.2	1.7358	0.1	1.731	0.3	105.9
Norway	(NKr)	6.7941	+0.0171	931 - 951	6.8130	6.7900	6.7976	-0.6	6.8166	-1.3	6.7141	1.2	96.5
Portugal	(Es)	157.950	+0.25	900 - 000	158.490	157.900	159	-8.0	160.575	-6.6	165.95	-5.1	95.2
Spain	(Pta)	128.895	+0.355	870 - 920	129.250	128.700	129.21	-2.9	129.87	-3.0	132.745	-3.0	80.8
Sweden	(SKr)	7.6289	-0.0029	251 - 326	7.6828	7.6250	7.6484	-2.8	7.6859	-3.0	7.8669	-3.1	79.2
Switzerland	(SFr)	1.3045	+0.0045	040 - 050	1.3075	1.3025	1.3039	0.6	1.3026	0.6	1.2928	0.9	107.1
UK	(£)	1.5526	-0.0032	523 - 528	1.5536	1.5475	1.5524	0.2	1.5507	0.5	1.5378	0.9	87.1
Ecu	-	1.2316	-0.0035	311 - 321	1.2327	1.2288	1.2306	1.0	1.2286	1.0	1.2206	0.9	-
SDR†	-	1.46572	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	-0.0002	996 - 997	0.9999	0.9996	-	-	-	-	-	-	-
Brazil	(R)	0.8880	+0.005	870 - 890	0.8890	0.8850	-	-	-	-	-	-	-
Canada	(C$)	1.3735	-0.0015	732 - 737	1.3759	1.3729	1.374	-0.4	1.3758	-0.7	1.3893	-1.1	82.9
Mexico	(New Peso)	3.3505	+0.007	480 - 530	3.3540	3.3480	3.3515	-0.4	3.3533	-0.3	3.3607	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3457	-0.0056	452 - 461	1.3504	1.3434	1.346	-0.2	1.3467	-0.3	1.354	-0.6	87.2
Hong Kong	(HK$)	7.7275	-0.0006	270 - 280	7.7285	7.7270	7.7273	0.0	7.728	0.0	7.743	-0.2	-
India	(Rs)	31.3688	-0.0062	650 - 725	31.3725	31.3650	31.4538	-3.3	31.5988	-2.9	-	-	-
Japan	(Y)	99.7350	+1.32	000 - 700	99.8000	98.0000	99.515	2.6	99.085	2.6	96.82	2.9	150.3
Malaysia	(M$)	2.5460	-0.0025	455 - 465	2.5515	2.5445	2.5368	4.3	2.5255	3.2	2.599	-2.1	-
New Zealand	(NZ$)	1.6583	-0.001	576 - 589	1.6611	1.6576	1.6583	-0.7	1.6611	-0.7	1.6664	-0.5	-
Philippines	(Peso)	26.4750	-	000 - 500	26.6500	26.3000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 506	3.7506	3.7503	3.7518	-0.4	3.7559	-0.6	3.7745	-0.6	-
Singapore	(S$)	1.5007	-0.0003	002 - 012	1.5015	1.4995	1.4994	1.1	1.4975	0.9	1.4907	0.7	-
S Africa (Com.)	(R)	3.5803	+0.0005	795 - 810	3.5835	3.5730	3.5958	-5.2	3.6241	-4.9	3.7008	-3.4	-
S Africa (Fin.)	(R)	4.5700	-	600 - 800	4.5850	4.5600	4.6037	-8.9	4.6625	-8.1	-	-	-
South Korea	(Won)	802.100	-0.35	000 - 200	802.300	802.000	805.1	-4.5	808.6	-3.2	827.1	-3.1	-
Taiwan	(T$)	26.2188	-0.1032	030 - 305	26.3305	26.2050	26.2388	-0.9	26.2768	-0.9	-	-	-
Thailand	(Bt)	24.9850	+0.02	750 - 950	24.9950	24.9700	25.0575	-3.5	25.185	-3.2	25.686	-2.7	-

†SDR rate for Aug 24. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Aug 24. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 25		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.23	16.62	4.850	2.047	4923	5.447	21.30	495.6	404.4	23.93	4.093	2.021	4.309	3.139	312.9	2.546
Denmark	(DKr)	52.00	10	8.644	2.522	1.065	2560	2.832	11.08	257.7	210.3	12.44	2.128	1.051	2.240	1.632	162.7	1.324
France	(FFr)	60.15	11.57	10	2.918	1.231	2961	3.276	12.81	298.1	243.3	14.39	2.462	1.216	2.592	1.888	188.2	1.532
Germany	(DM)	20.62	3.965	3.428	1	0.422	1015	1.123	4.392	102.2	83.38	4.933	0.844	0.417	0.888	0.647	64.50	0.525
Ireland	(I£)	48.85	9.394	8.120	2.369	1	2405	2.660	10.40	242.1	197.5	11.69	1.999	0.987	2.105	1.533	152.8	1.244
Italy	(L)	2.031	0.391	0.338	0.099	0.042	100.	0.111	0.433	10.07	8.214	0.486	0.083	0.041	0.088	0.064	6.355	0.052
Netherlands	(Fl)	18.36	3.531	3.052	0.891	0.376	903.9	1	3.911	90.98	74.25	4.393	0.751	0.371	0.791	0.576	57.44	0.468
Norway	(NKr)	46.94	9.026	7.806	2.277	0.961	2311	2.557	10	232.6	189.8	11.23	1.921	0.949	2.023	1.473	146.9	1.195
Portugal	(Es)	20.18	3.881	3.355	0.979	0.413	993.5	1.099	4.299	100.	81.61	4.829	0.826	0.408	0.869	0.633	63.13	0.514
Spain	(Pta)	24.73	4.756	4.111	1.199	0.506	1217	1.347	5.267	122.5	100.	5.917	1.012	0.500	1.065	0.776	77.36	0.630
Sweden	(SKr)	41.79	8.037	6.948	2.027	0.856	2057	2.276	8.902	207.1	169.0	10	1.710	0.845	1.801	1.312	130.7	1.064
Switzerland	(SFr)	24.43	4.699	4.062	1.185	0.500	1203	1.331	5.205	121.1	98.81	5.847	1	0.494	1.053	0.767	76.44	0.622
UK	(£)	49.48	9.516	8.226	2.400	1.013	2436	2.695	10.54	245.2	200.1	11.84	2.025	1	2.132	1.553	154.8	1.260
Canada	(C$)	23.21	4.463	3.858	1.126	0.475	1143	1.264	4.944	115.0	93.86	5.553	0.950	0.469	1	0.728	72.61	0.591
US	($)	31.86	6.127	5.297	1.545	0.652	1569	1.735	6.787	157.9	128.8	7.624	1.304	0.644	1.373	1	99.68	0.811
Japan	(Y)	319.6	61.47	53.14	15.50	6.544	15736	17.41	68.09	1584	1293	76.49	13.08	6.460	13.77	10.03	1000.	8.140
Ecu		39.27	7.552	6.529	1.905	0.804	1933	2.139	8.365	194.6	158.8	9.397	1.607	0.794	1.692	1.233	122.9	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6467	0.6465	-0.0008	0.6472	0.6453	34,097	104,758
Dec	0.6461	0.6467	-0.0007	0.6470	0.6458	916	7,960
Mar	-	0.6481	-	-	-	1,204	2,863

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.0131	1.0065	-0.0066	1.0131	1.0037	22,900	62,929
Dec	1.0184	1.0133	-0.0067	1.0184	1.0100	831	8,098
Mar	1.0206	1.0206	-0.0070	1.0206	1.0206	24	1,725

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.7678	0.7674	-0.0010	0.7680	0.7655	15,804	42,962
Dec	0.7675	0.7686	-0.0008	0.7690	0.7672	380	3,053
Mar	0.7705	0.7705	-0.0015	0.7706	0.7706	1	59

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	1.5536	1.5500	-0.0032	1.5536	1.5474	6,656	38,046
Dec	1.5470	1.5470	-0.0044	1.5480	1.5460	123	2,459
Mar	-	1.5440	-	-	1.5440	2	173

EMS EUROPEAN CURRENCY UNIT RATES

Aug 25	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14565	+0.00098	-2.32	5.74	-
Belgium	40.2123	39.3963	-0.0033	-2.03	5.42	15
Germany	1.94964	1.91117	+0.00091	-1.97	5.36	-
Ireland	0.808628	0.806670	-0.000279	-0.24	3.53	2
France	6.53883	6.54765	-0.00183	0.13	3.14	-1
Portugal	192.854	195.399	-0.058	1.32	1.94	-9
Denmark	7.43679	7.57691	+0.00392	1.88	1.37	-13
Spain	154.250	159.313	-0.092	3.28	0.00	-23
NON ERM MEMBERS						
Greece	264.513	290.130	+0.26	9.68	-5.84	-
Italy	1793.19	1941.41	-1.01	8.27	-4.60	-
UK	0.786749	0.796723	-0.000609	1.27	1.99	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Sep	Oct	Nov	PUTS Sep	Oct	Nov
1.450	10.00	9.88	9.72	-	-	0.06
1.475	7.52	7.52	7.45	-	0.05	0.22
1.500	5.03	5.23	5.35	-	0.28	0.60
1.525	2.76	3.23	3.55	0.21	0.80	1.27
1.550	1.07	1.74	2.18	0.94	1.77	2.33
1.575	0.27	0.79	1.21	2.58	3.28	3.78

Previous day's vol., Calls 3,968 Puts 8,212 . Prev. day's open int., Calls 610,868 Puts 452,293

WORLD INTEREST RATES

MONEY RATES

August 25	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅞	5⅛	5¾	6	6½	7.40	4.50	-
week ago	4⅞	5⅛	5⅝	5⅞	6¼	7.40	4.50	-
France	5⅛	5½	5⅝	5⅞	6⅛	5.00	-	6.75
week ago	5⅛	5½	5⅝	5⅞	6⅛	5.00	-	6.75

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	95.02	95.01	-	95.03	95.00	7303	145593
Dec	94.83	94.82	-	94.85	94.81	15016	169831
Mar	94.53	94.53	+0.01	94.54	94.50	12675	162567
Jun	94.17	94.18	+0.03	94.19	94.16	8229	102822

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

UK INTEREST RATES

LONDON MONEY RATES

Aug 25	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5¼ - 4	4⅝ - 4$\frac{7}{16}$	5 - 4$\frac{13}{16}$	5½ - 5⅜	6 - 5⅞	6⅞ - 6¾
Sterling CDs	-	-	4$\frac{15}{16}$ - 4⅞	5⅜ - 5$\frac{5}{16}$	5⅞ - 5$\frac{13}{16}$	6¾ - 6⅝
Treasury Bills	-	-	4⅞ - 4$\frac{13}{16}$	5$\frac{5}{16}$ - 5¼	-	-
Bank Bills	-	-	4⅞ - 4$\frac{13}{16}$	5⅜ - 5$\frac{5}{16}$	5⅞ - 5$\frac{13}{16}$	-
Local authority deps.	4½ - 4¼	4½ - 4¼	4$\frac{31}{32}$ - 4$\frac{27}{32}$	5$\frac{15}{32}$ - 5$\frac{11}{32}$	5$\frac{15}{16}$ - 5⅞	6¾ - 6⅝
Discount Market deps	5¼ - 4⅝	4⅝ - 4$\frac{11}{16}$	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.3747pc. ECGD fixed rate Stlg. Export Finance. Make up day July 29, 1994. Agreed rate for period Aug 24, 1994 to Sep 25, 1994, Schemes II & III 6.50pc. Reference rate for period July 1, 1994 to July 29, 1994, Schemes IV & V 5.2460pc. Finance House Base Rate 5½pc from Aug 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.26	94.25	-0.01	94.29	94.24	8591	89242
Dec	93.38	93.36	-	93.39	93.34	17546	164661
Mar	92.69	92.66	-	92.69	92.65	5407	86154
Jun	92.11	92.12	+0.04	92.14	92.09	4350	52956

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9425	0.14	0.03	0.03	0.14	0.92	1.82
9450	0.04	0.01	0.02	0.29	1.15	1.86
9475	0	0	0.01	0.60	1.39	2.10

BASE LENDING RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 25 / Sch)

BELGIUM/LUXEMBOURG (Aug 25 / Frs.)

DENMARK (Aug 25 / Kr)

FINLAND (Aug 25 / Mks)

FRANCE (Aug 25 / Frs.)

GERMANY (Aug 25 / Dm.)

ITALY (Aug 25 / Lira)

NETHERLANDS (Aug 25 / Fls.)

NORWAY (Aug 25 / Kroner)

SPAIN (Aug 25 / Pts.)

SWEDEN (Aug 25 / Kronor)

SWITZERLAND (Aug 25 / Frs.)

PACIFIC

JAPAN (Aug 25 / Yen)

AUSTRALIA (Aug 25 / Aus$)

HONG KONG (Aug 25 / H.K.$)

MALAYSIA (Aug 25 / MYR)

SINGAPORE (Aug 25 / S$)

NORTH AMERICA

CANADA

TORONTO (Aug 25 / Can $)

4 pm close

MONTREAL (Aug 25 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Aug 25 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal listing. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, August 25, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Old Electric	6.0m	768	+23	Mitsubishi Elec	3.4m	665	+14
Hitachi	5.1m	971	-7	Toshiba	2.8m	736	+3
Nippon Steel	4.7m	369	-1	Kawasaki Steel	2.7m	419	-1
Mitsubishi Hvy	4.5m	778	-7	Sumitomo Chem	2.5m	562	-3
Sumitomo Mtl Ind	3.6m	330	-8	Nippon Yusen	2.3m	658	-6

INDICES

	Aug 25	Aug 24	Aug 23	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	20506.22	20346.81	25470.40	18/2	17786.90	20/4
Australia							
All Ordinaries(1/1/80)	2077.8	2061.1	2051.6	2340.60	3/2	1957.40	27/6
All Mining(1/1/80)	1047.9	1030.8	1024.5	1136.10	3/2	904.60	5/5
Austria							
Credit Aktien(30/12/84)	417.78	417.83	412.54	488.66	2/2	398.97	22/6
Traded Index(2/1/91)	1122.44	1107.53	1099.23	1222.25	1/2	1011.38	6/6
Belgium							
BEL20 (1/1/91)	1460.22	1456.93	1450.75	1542.65	8/2	1363.96	13/7
Brazil							
Bovespa (29/12/83)	(u)	52077.0	53040.0	53858.00	22/8	3800.90	3/1
Canada							
Metals Minls ♣(1975)	(u)	3978.97	3940.14	3985.31	3/8	3298.06	20/4
Composite♣ (1975)	(u)	4263.70	4211.70	4600.00	23/3	3959.90	24/6
Portfolio$$ (4/1/83)	(u)	2046.66	2012.57	2182.60	1/2	1053.17	20/7
Chile							
IPSA Gen (31/12/80)	(u)	4646.4†	4638.7	4867.80	4/2	3801.29	4/4
Denmark							
CopenhagenSE(3/1/83)	362.58	361.17	360.27	415.79	2/2	358.80	22/6
Finland							
HEX General(28/12/90)	1916.0	1889.2	1883.5	1972.00	4/2	1601.10	3/1
France							
SBF 250 (31/12/90)	1354.57	1339.94	1338.99	1586.28	2/2	1265.36	4/7
CAC 40(31/12/87)	2026.52	2006.29	2000.53	2355.83	2/2	1888.18	4/7
Germany							
FAZ Aktien(31/12/58)	813.93	804.52	798.34	859.27	18/5	757.31	27/6
Commerzbank(1/12/53)	2312.30	2294.70	2280.70	2465.58	2/5	2148.30	27/6
DAX (30/12/87)‡	2152.21	2128.37	2107.87	2271.11	18/5	1958.92	20/6
Greece							
Athens SE(31/12/80)	858.72	862.08	871.87	1184.58	18/1	806.67	25/5
Hong Kong							
Hang Seng(31/7/64)	9336.11	9238.69	9234.06	12201.08	4/1	8369.44	4/5
India							
BSE Sens.(1979)	4430.7	4429.0	(c)	4594.30	18/8	3454.00	5/1
Indonesia							
Jakarta Comp.(10/8/82)	502.98	498.54	495.43	612.89	5/1	449.72	12/7
Ireland							
ISEQ Overall(4/1/88)	1859.75	1824.21	1813.86	2082.16	20/1	1694.14	1/7
Italy							
Banca Comm Ital (1972)	684.72	688.32	675.55	817.17	10/5	588.85	10/1
MIB General (4/1/94)	1106.0	1112.0	1091.0	1318.00	10/5	944.08	10/1
Japan							
Nikkei 225 (16/5/49)	20443.29	20511.60	20380.78	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	297.29	298.35	297.00	311.71	13/6	256.22	4/1
Topix (4/1/68)	1638.77	1638.79	1631.79	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2407.22	2405.56	2396.99	2542.65	6/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1136.14	1141.57	1146.35	1314.46	5/1	938.33	4/4
Mexico							
IPC (Nov 1978)	(u)	2798.22	2755.53	2881.17	8/2	1957.33	20/4
Netherland							
CBS TtlRtnGen(End 83)	436.0	434.0	430.6	454.90	31/1	408.30	21/6
CBS All Shr (End 83)	277.9	275.3	273.2	294.80	31/1	257.90	21/6
New Zealand							
Cap. 40 (1/7/86)	2118.99	2102.71	2061.14	2409.54	3/2	1945.51	11/7
Norway							
Oslo SE(Ind)(2/1/83)	1117.52	1114.92	1102.89	1211.19	28/2	980.91	21/6
Philippines							
Manila Comp (2/1/85)	3127.06	3124.11	3105.85	3308.37	4/1	2507.33	9/3
Portugal							
BTA (1977)	2920.9	2907.1	2908.4	3228.69	18/2	2612.80	20/6
Singapore							
SES All-S'pore(2/4/75)	565.53	565.80	568.98	641.81	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2294.0ψ	2283.0	2246.0	2338.80	4/1	1749.09	14/2
JSE Ind. (28/9/78)	6666.0ψ	6651.0	6617.0	6757.89	15/8	5446.09	19/1
South Korea							
KoreaCompEx(4/1/80)**	945.41	943.64	951.51	974.28	2/2	855.37	2/4
Spain							
Madrid SE (30/12/85)	308.12	308.15	304.24	358.31	31/1	291.43	8/7
Sweden							
AffarsvarldnGen (1/2/37)	1442.5	1436.8	1411.3	1603.90	31/1	1334.70	6/7
Switzerland							
Swiss Bk Ind (31/12/58)	1229.90	1225.12	1219.48	1423.34	31/1	1157.97	18/7
SBC General (1/4/87)	914.78	911.07	907.06	1033.29	31/1	868.10	13/7
Taiwan							
WeightedPr.(30/6/66)**	6858.01	6862.14	6798.19	6944.91	9/8	5194.63	19/3
Thailand							
Bangkok SET (30/4/75)	1444.72	1474.58	1471.65	1753.73	4/1	1186.58	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	(u)	25158.21	25204.8	26883.60	13/1	12980.76	24/3
WORLD							
MS Capital Int (1/1/70)$	639.2*	640.9	636.6	641.89	1/2	581.80	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1370.77	1359.31	1347.78	1540.19	31/1	1303.49	21/6
Euro Top-100 (26/6/90)	1217.63	1208.28	1199.77	1311.01	2/2	1143.08	21/6
JCapelDrgns (31/12/88)	(u)	325.87	328.12	395.19	5/1	290.28	21/3
Barings Emerg.(7/1/92)	185.44	185.64	185.51	198.51	23/8	141.65	21/4

** Sat Aug 20: Taiwan Weighted Price 6805.84; Korea Comp Ex 947.08. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. $$ Montreal. ♣ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 25 - 2153.48 +20.50

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Aug	2043.0	2028.0	+12.0	2045.0	2019.0	27,314	21,262
Sep	2049.0	2036.0	+12.0	2053.0	2028.0	7,980	29,984
Oct	2056.0	2045.5	+12.5	2058.0	2047.5	-	1,625

Open interest figures for previous day.

US INDICES

Dow Jones	Aug 24	Aug 23	Aug 22	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3848.73	3775.83	3751.22	3978.36 (31/1)	97.64 (28/7)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.71	97.59	97.60	105.61 (21/1)	96.43 (13/5)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1601.52	1588.34	1578.52	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	188.24	187.71	188.79	227.08 (3/1)	176.71 (24/6)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3852.56 (3804.64) Low 3767.41 (3745.07) (Theoretical♣)
Day's high 3848.73 (3791.04) Low 3775.83 (3751.22) (Actual♣)

Standard and Poors	Aug 24	Aug 23	Aug 22	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	469.03	464.51	462.32	482.00 (2/2)	438.92 (4/4)	534.19 (29/7/94)	4.40 (1/6/32)
Industrials♥	549.86	544.01	541.41	580.59 (2/2)	510.05 (21/4)	580.59 (2/2/94)	3.62 (21/6/32)
Financial	46.17	45.84	45.50	46.94 (14/6)	41.39 (4/4)	48.49 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	258.61	256.44	255.27	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	447.96	446.28	445.77	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	751.72	747.98	742.29	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Aug 19	Aug 12	Aug 5	Year ago
Dow Jones Ind. Div. Yield	2.73	2.70	2.72	2.82
	Aug 24	Aug 17	Aug 10	Year ago
S & P Ind. Div. yield	2.37	2.43	2.42	2.46
S & P Ind. P/E ratio	20.73	23.51	23.55	27.86

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Sep	469.80	469.70	-0.05	470.15	469.65	62,985	196,976
Dec	-	472.25	-	-	-	8,327	34,610
Mar	-	475.55	-	-	-	108	4,356

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Blockbuster	6,139,100	26¾	-1½
Telefonos	5,720,900	65¾	+1
Student Ln	5,121,800	36⅝	+1¾
Lac Miner	4,047,700	10⅝	+¼
RJ Nabisco	3,811,900	6⅛	+⅛
Compaq	3,722,100	36⅜	—
Wal-Mart	3,483,200	24⅞	+½
West Elec	3,110,700	13	+¼
Ford	2,850,100	30⅝	+1
IBM	2,778,800	67¼	-⅜

■ TRADING ACTIVITY

● Volume (million)

	Aug 24	Aug 23	Aug 22
New York SE	309.781	307.221	237.163
Amex	21.906	17.735	14.000
NASDAQ	293.547	305.252	239.990
NYSE			
Issues Traded	2,881	2,886	2,862
Rises	1,376	1,339	928
Falls	788	784	1,225
Unchanged	717	764	711
New Highs	55	75	48
New Lows	43	40	48

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close August 25

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅜	13⅜	AAR	0.48	3.5	462	45	13⅞	13¾	13⅞	+⅛
16⅞	12⅝	A L Labs A	0.18	1.2	36	410	15⅝	15¼	15⅝	+¼
75¼	57⅞	AMP	1.68	2.3	25	1343	72⅝	72	72¼	-¼
72¼	52⅛	AMR			100	5424	58⅛	57⅜	57⅞	+⅛
5	3⅜	ARX			12	388	4	3⅝	3¾	-¼
56⅛	38⅝	ASA x	2.00	4.2	31	228	47⅜	47	47⅛	-¼
31⅞	25⅜	AbbtL	0.76	2.5	17	5888	30⅝	30⅛	30⅜	
13¾	11⅜	Abitibi Pr	0.50	3.6	10	202	u14	13⅞	14	+¼
23⅝	17¼	ABM Ind	0.52	2.3		64	22½	22⅜	22⅜	
14⅜	11⅛	Acptncein			25	22	14	13⅞	13⅞	-⅛
31	22⅞	ACE Ltd	0.44	1.8	3	1192	23⅞	22½	23⅛	+½
12½	9⅝	ACM Gvt In	1.08	11.1		505	9⅞	9¾	9⅞	+⅛
10⅛	7⅝	ACM GvOpp	0.80	10.6		95	7⅝	7½	7½	
10⅝	7½	ACM Gvt Sp	0.96	12.4		539	7¾	7⅝	7¾	
12	8¾	ACM Gvt Se	1.09	12.2		488	9	8⅞	9	
11¾	8⅜	ACM Man	1.08	12.8		173	8¾	8⅝	8¾	
9¼	8	ACM Managd	0.72	9.0		83	8⅛	d8	8	
15½	8¾	AcmeClv	0.44	3.6	15	52	12⅜	12¼	12⅜	
9⅞	6½	Acme Elect			7	72	9¼	9	9⅛	-⅛
28¾	23	Acordia	0.60	2.3	13	5	26⅞	26¼	26⅞	+⅛
12⅞	5¾	Actava	0.36	2.7	3	4770	u13¾	12¾	13¼	+½
15⅝	11¼	Acuson			105	183	13¾	13¼	13¾	+½
18⅞	16½	Adams Expr x	0.48	2.8	0	99	17⅞	17¼	17⅜	+⅛
64	48½	Ad Micro	3.00	5.0		506	60¼	59¾	59¾	+⅜
31¾	18¾	AdvMic	3.00	10.3	12	7595	29⅝	29	29⅛	+¼
6⅞	5	Advest Grp	0.16	3.0	8	78	5⅜	5¼	5⅜	
20	15	Advo Inc	0.10	0.5	125	529	18¾	17⅞	18¾	+⅞
58	49⅜	Aegon ADR	2.95	5.0	13	23	u59	58¼	58⅞	+1
65¾	49	AetnaL	2.76	5.4	7	1072	51	50½	51	
35¾	25¼	Aflac x	0.46	1.3	15	1680	u35¾	35½	35¾	+⅜
22¾	16⅞	Ahmanson	0.88	4.1	15	2886	21¾	21¼	21½	-⅛
4	1⅞	Aileen Inc			1	25	1¾	1⅝	1¾	+⅛
50⅛	38⅞	AirPrC	0.98	2.0	27	2728	49⅞	49⅛	49⅝	+⅜
39⅞	26¼	Airborne Frt x	0.30	1.1	17	1983	28⅞	28	28⅞	+⅞
28½	19¾	Airgas Inc			43	844	24⅝	24	24⅝	+⅝
16⅞	14¾	Airlease	1.84	11.3	12	51	16⅜	16⅛	16¼	
27¼	21⅜	AirTch				5464	u27½	26½	26¾	+⅛
18⅞	13⅝	Alaska Air	0.20	1.1	26	1184	17⅝	17⅜	17½	
21¼	16⅛	Albany Int	0.35	2.0	29	1035	17⅝	17⅜	17⅜	-¼
17⅝	13¾	Albrtnl	0.20	1.3		858	15⅝	15⅛	15⅜	-⅝
25⅛	19⅜	AlbCuB	0.28	1.2	15	232	23	22¾	23	
21⅞	17¾	AlCulvr A	0.28	1.3	18	94	21½	21⅜	21⅜	
30⅞	25⅛	Albtsn	0.44	1.6	22	1586	27⅞	27½	27⅝	+⅛
25½	19¾	AlcnAl x	0.30	1.2	67	2655	25⅜	25	25	-⅜
84	49½	AlcoSt x	1.00	1.6	45	438	u64⅝	64	64⅛	+¼
30⅛	23¼	AlexBrown	0.70	2.4	5	455	29	28⅝	28⅝	
22¾	14	AlexAl	0.10	0.5	118	409	20⅜	20⅛	20⅛	
24⅞	17	Allegh Lud x	0.48	2.4	18	2874	20¼	19¾	20⅛	+.01
28½	20⅛	AllegP	1.64	7.5	11	454	22⅛	21⅞	21⅞	-⅛
18¾	13½	Allen Can	0.16	0.9	15	440	18½	18⅛	18¼	+⅛
28¼	20	Allergan x	0.44	1.7	18	529	u28¼	25⅞	28¼	+⅛

Continued on next page

ings forecast

in first half

Ladbroke set to buy casinos

US$1,819 million

US$482 million

US 3.4 cents

US 13.3 cents

4 pm close August 25

NYSE COMPOSITE PRICES

Continued from previous page

1994 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs.

[illegible]

NASDAQ NATIONAL MARKET

4 pm close August 25

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close August 25

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICA

Calm returns to equities after upsurge

Wall Street

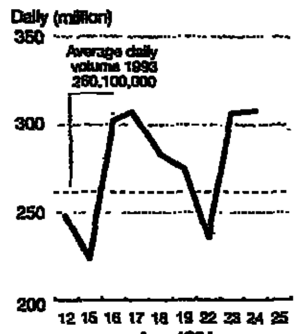
US stocks held steady yesterday morning as calm returned to the markets after Wednesday's surprising surge in share prices, *writes Frank McGurty in New York.*

By 1pm, the Dow Jones Industrial Average was off 0.33 at 3,846.40, while the more broadly based Standard & Poor's 500 was up 0.53 at 469.56 in moderate activity.

In the secondary markets, the Nasdaq composite was 4.04 higher at 755.76 on the strength of technology issues. The American SE composite edged 0.96 lower to 447.02.

In view of the powerful advance staged by the blue chips in the previous session's final hour, stocks did well to hold their ground yesterday. Profit-taking was fairly light as analysts struggled to make sense of a rally which had caught most equity investors flat-footed.

NYSE volume



The upturn was explained in part as a response to a late rally in bonds, though their improvement was closely linked to the success of a Treasury supply auction, rather than any fundamental developments that carried implications for stocks.

Yesterday bond prices drifted lower, as traders largely ignored a pair of conflicting economic reports.

The Labor Department provided some unconvincing evidence of a strengthening economy, reporting that initial claims for unemployment benefit had slipped last week by 3,000. Meanwhile, the National Association of Realtors said that July sales of existing single-family homes had dropped for the third straight month, suggesting tighter credit conditions were having an impact on the housing sector.

Analysts also cited the dollar's recovery in the foreign exchange markets as an impetus for Wednesday's rally. Yesterday the greenback made further progress against the yen and D-mark, reinforcing the positive outlook for stocks.

Still, some of the big cyclical stocks which had led the market forward fell victim to a modest pull-back. Caterpillar receded $1⅞ to $112⅝ and International Paper shed $1⅞ to $73⅞.

In financial services, Piper Jaffray plunged $2⅝ to $11 on reports that bad derivative investments made by one portfolio manager could result in a $700m loss.

Coca-Cola benefited only marginally from an upgrading by PaineWebber. The stock inched up $¼ to $46⅛.

IBM ran counter to the trend in cyclicals, advancing $1⅝ to $69 after dipping $¼ during the previous session. The gain followed news that Big Blue was slashing prices for many of its personal computers.

The possibility of a price war in computers had a salutary effect on the technology sectors. Compaq gained $1⅜, while EMC, the computer hardware supplier, advanced $1⅛ to $17⅛. Digital was up $1¼ to $24⅝ after agreeing to sell its database software business to Oracle.

Semiconductor issues were in strong demand, too. Micron Technology gained $1⅝ to $42¼, Motorola $1⅝ to $54⅝ and Texas Instruments $1⅝ to $80⅝.

Among the brightest lights on the Nasdaq, Cyrix jumped $2 1/16 to $43 13/16, a new 52-week high for the microchip design concern.

Canada

Toronto managed to offset some post-rally profit-taking and edge higher at midday thanks to firmness in forest products shares and conglomerates. The TSE 300 composite index added 4.05 points to 4,267.78.

The 52-point rise on Wednesday prompted some investors to take profits early in the day, but most traders expected the buoyant mood to continue to dominate the market.

Argentina

Buenos Aires opened firmer across the board in brisk trade, with the Merval index advancing 7.24, or 1.3 per cent to 583.96. Turnover was an unusually heavy 10.07m pesos on the traditional market and 69.85m on the screen-based continuous market.

Banks led the gainers, with Banco Frances up 35 cents at 10.50 pesos and Banco de Galicia up 20 cents at 7.90 pesos. Recent laggards recovered, Telecom trading 8 cents higher at 7.20 pesos and YPF 35 cents firmer at 25.15 pesos.

Brazil

São Paulo rose 1 per cent in moderate trading, the Bovespa index putting on 535 at 52,612 at 1300 local time. Volume was R$229.7m.

Gold underpins S.Africa

South African equities finished mostly firmer but off highs as profit-taking pared early gains. A stronger Wall Street and better gold price underpinned the market and brokers said they expected shares to firm again today in follow-through support from outstanding orders.

The overall index added 19 to 5,916, after earlier hitting an all-time high at 5,937, industrials rose 12 to 6,662 and gold 11 to 2,295.

Traders said investors shrugged off bond market nervousness and took in their stride Reserve Bank governor Mr Chris Stals' warning that monetary policy could be tightened.

Anglos ended down 175 cents at R261.50 after shedding earlier gains, and De Beers dropped 25 cents to R109.

Among gold shares, Vaal Reefs added R5 to R424 while Kloof shed 50 cents to R67.

EUROPE

Bourses respond well to overnight gains in Dow

Bourses responded to overnight gains on Wall Street, and lost relatively little in the afternoon when the Dow improved from early weakness, *writes Our Markets Staff.*

FRANKFURT was led higher by banks, carmakers and the utilities sector as the Dax index closed 25.84, or 1.2 per cent higher at 2,152.21.

Turnover rose from DM6.9bn to DM7.3bn. Short covering grew to a wave and Commerzbank, Deutsche and Dresdner rose by DM5.80 to DM328, DM11 to DM712.50 and DM7 to DM405.50 respectively.

In the automotive list, BMW rose DM10 to DM814 and Daimler by DM17.50 to DM812.50 but Volkswagen, still depressed by the apparently gloomy remarks about industry prospects from its chairman, Mr Ferdinand Piech, recovered only DM2.50 on the session. A magazine interview with Mr Piech, raising hopes of a higher 1994 dividend, took the shares up another DM4.50 to DM484.50 in the post-bourse.

There was good news on the inflation front, with preliminary data showing western Germany's consumer price levels in line with market expectations and the utilities, interest rate sensitive, responded with RWE DM9 better at DM459, Veba up DM8.20 at DM548 and Viag DM7.40 higher at DM494.70 ahead of today's half-year results.

In chemicals, Bayer's commendable 24 per cent gain in first half pre-tax profits left the shares only DM1 higher at DM367. Hoechst, also due to report today, rose DM6 to DM353.50.

PARIS was said to be fuelled by fresh liquidity arriving with the start of the September trading account, but bond futures reduced their gains in the afternoon and the equity market closed off its best with the CAC 40 index 20.23 higher at 2,026.52, after a high of 2,040.53.

Financials had a good day. Banks were even more generally strong than on Wednesday, Paribas and Suez climbing FFr11.40 to FFr361.30, and FFr7.50 to FFr268.50,the latter after reports of a big buy order, while Bancaire rose FFr19.90, or 4.3 per cent to FFr484.90.

In insurers, the soon to be privatised AGF was a leading gainer in the blue chip category, helped by remarks from its chairman, Mr Antoine Jeancourt-Galignani, who told a French magazine that the first half numbers were very favorable, with gains in profitability in every area of activity. AGF results will be released next Wednesday.

Turnover was relatively weak at FFr2.2bn. Canal Plus, the pay television group, staged a partial recovery of FFr7 to FFr918 after earlier weakness on unconfirmed reports that the government will burden the company with hefty financial obligations when its broadcasting licence is renewed.

FT-SE Actuaries Share Indices

Aug 25							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1372.17	1372.85	1372.55	1372.17	1372.87	1372.86	1370.69	1370.77
FT-SE Eurotrack 200	1434.15	1433.58	1433.87	1435.27	1436.04	1435.80	1434.74	1433.67
	Aug 24	Aug 23	Aug 22	Aug 19	Aug 18			
FT-SE Eurotrack 100	1359.31	1347.78	1341.33	1352.29	1352.89			
FT-SE Eurotrack 200	1419.32	1408.10	1400.60	1413.21	1415.01			

Base 1000 (26/10/90); High/day: 100 - 1373.70; 200 - 1437.42 Low/day: 100 - 1370.44 200 - 1433.16 † Partial

AMSTERDAM took heart from some strong company results which lifted the AEX index by 3.69 points to 417.73 in fairly active trading.

ING's results boosted the financial sector while the insurer's own shares rose Fl 1.80 to Fl 80.80. Fortis Amev gained Fl 0.90 to Fl 74.70, while Aegon rose Fl 2.20 to Fl 101.80 and ABN Amro advanced Fl 0.60 to Fl 62.30 ahead of first-half results.

KPN, the telecoms and postal group which turned in better than expected profits, climbed Fl 1.30 to Fl 53.10. Internatio-Mueller, the transport group which also produced strong results earlier in the week, added another Fl 1.80 to Fl 88.20.

Pakhoed continued to suffer from figures below expectations, falling Fl 0.90 to FL 48 after a decline on Wednesday. Brokers expressed disappointment that the group's European operations did not perform better.

ZURICH firmed on the back of the Dow's overnight spurt but lost momentum in the afternoon as volume thinned. The SMI index increased 10.0 to 2,551.1, off its intraday high of 2,563.2.

A mixed tone in U.S. bonds yesterday, and a slightly softer opening on Wall Steet dampened sentiment in the afternoon.

Alusuisse advanced SFr8 to SFr688 ahead of its interim report next week. However, MrHans Kaufmann at Bank Julius Baer said that positive first-half results had probably been factored into the share's price. Other cyclicals also firmed.

Banks ended mixed, with UBS rising SFr12 to SFr1,109, SBC unchanged at SFr272 and CS Holding dipping SFr1 to SFr519.

MILAN continued to be influenced strongly by today's cabinet meeting which is expected to give a much-awaited indication of the government's budget plans. The market was looking for tough measures, particularly on pensions.

Investors stayed on the sidelines and in thin trading the Comit index declined by 3.60 to 684.72. There was also seen to be continued technical resistance at 690.

Olivetti was the one hot spot in a generally rudderless market. Traders were mulling the possible effects of Digital Equipment's sale of its remaining stake in the Italian company, a move which was confirmed on Wednesday. Olivetti's shares fell L65 to L2,290 as rumours circulated that the sale had made been at a low price.

Fiat also came in for some attention and its shares fell L70 to L6,485, which dampened the market further.

Insurers also fell back after Wednesday's gains but were favoured on the belief that they will benefit from budget changes.

DUBLIN rose by just short of 2 per cent, the ISEQ general index closing 35.54 higher at 1,859.75 on strength in financials and Jefferson Smurfit, which closed 25p higher at 420p. Dealers said that the market had slipped back recently on stories of a major upcoming cash call from Smurfit, but had recovered on the feeling that it had become oversold, on strong gains in the US and UK markets, and on strength in the US paper sector on Wednesday.

WARSAW continued to fall as profit-taking continued but there were signs that buying pressure was building up to the point where it could produce a rebound next week. The Wig index dropped 513.0, or 4.2 per cent to 11,458.2 as volume rose by 29 per cent to 1.8m shares.

Written and edited by William Cochrane, Robert Vincent and Sarah Utley

ASIA PACIFIC

Region rises on Wall Street as Nikkei moves down

Tokyo

Profit-taking by domestic institutions and arbitrage selling in the afternoon left the Nikkei index lower after the morning's gains. This was in spite of a fall in the yen against the dollar, *writes Emiko Terazono in Tokyo.*

The 225 average fell 68.31 to end at the day's low of 20,443.29. It reached a high of 20,603.62 in the morning but soon declined as the sellers moved in. Volume totalled 247m shares, up from 273m.

Overseas investors were attracted by steels and chemicals, but sold electric utilities and non-life insurance companies.

The Topix index of all first section stocks fell 4.93 to 1,633.77 while the Nikkei 300 fell 1.07 to 297.28. Declines led advances by 522 to 440 with 208 unchanged and, in London, the ISE/Nikkei 50 index rose 2.24 to 1,327.31.

Domestic institutions took profits on their holdings as the index hit the day's high to boost their valuations ahead of the interim book closing at the end of September. Traders said individual investors, meanwhile, were trying to raise cash ahead of the forthcoming offerings for Japan Tobacco and Japan Telecom.

The auction for Japan Telecom yesterday drew an average weighted average price of Y5.44m, with bids totalling 78,801, against the 17,000 shares involved.

DDI, the telecom operator on the second section, closed down Y1,000 to Y981,000. The stock had been sold earlier this week as investors raised funds for the Japan Telecom auction. Other telecom linked shares were stronger.

Semi-privatised companies gained ground. Nippon Telegraph and Telephone rose Y2,000 to Y864,000 and East Japan Railway added Y1,000 to Y520,000. Steelmakers were lower, again on profit taking, with Sumitomo Metal Industries losing Y8 to Y330.

Minebea, the ball bearings company facing financial problems due to its diversification projects in the late 1980s, fell Y30 to Y805 on reports of a press conference. After the market closed, the company said it would sell its consumer finance companies to GE Capital, the finance arm of the US group.

In Osaka, the OSE average rose 11.57 to 22,821.88 in volume of 90.2m shares. Volume rose on trading by corporate investors realising profits ahead of the September book closing.

Roundup

Sharp overnight gains on Wall Street fuelled a firmer trend in most of the region while local concerns nudged the Bombay and Bangkok bourses lower.

HONG KONG rode up on the back of the Dow's, the Hang Seng index closing 97.42 higher at 9,336.11. Selective bargain hunting by domestic investors provided an extra boost.

Brokers said that expectations of relatively weak results for Cheung Kong - announced after the market close - had already been reflected in a recent fall in its share price. The stock advanced 80 cents to HK$36, having slipped by 9.7 per cent by Wednesday from its most recent peak on August 1. The Hang Seng index fell 4.6 per cent in the same period.

Interest in Cheung Kong bolstered other property issues, with SHK Properties rising HK$1 to HK$51.75 and Henderson Land adding 70 cents to HK$40.60.

Cheung Kong's affiliate, Hutchison, which announced a better than expected rise in first half net profit after the close, gained 30 cents to HK$35.50. Among other blue chips, HSBC gained 50 cents to HK$88 and Hang Seng Bank increased HK$1.25 to HK$52.75.

SYDNEY also took its cue from a stronger Wall Street while a firmer resources sector did the rest. The All Ordinaries index finished 16.7 higher at 2,077.8, but was off its session peak of 2,088.7.

Traders said that the continuing rise in commodity prices was lending underlying support to the market with offshore investors attracted to Australian metal miners.

Key resources stocks like Western Mining, CRA and MIM led the resources sector higher.

News Corp, the day's most active stock, fell 15 cents to A$9.

WELLINGTON held its morning gains, closing firmer after a day of solid, rather than spectacular trade with the NZSE-40 index up 16.28 at 2,118.99.

Volume was solid at NZ$77m, but swelled by a crossing of 5.5m Fernz shares which amounted to $35m. Fernz ended 10 cents higher at $6.50.

The leaders were mixed, with Telecom posting a nine cent gain to $5.06 and Brierley easing two to NZ$1.82.

BANGKOK slid on heavy selling in the finance sector, led by Finance One on news of a big rights issue. The SET index dropped 29.86, or 2 per cent to 1,444.72, but was off its low of 1,425.59. Turnover was Bt22.57bn.

Finance One, which resumed trading after a week-long suspension, fell Bt44 to Bt492 after announcing that it planned to raise its capital to Bt5.4bn from Bt1.64bn.

Among other finance stocks, Dhana Siam plunged Bt44 to Bt752 and Prime Finance fell Bt11 to Bt169.

MANILA lost steam after a strong start but closed marginally higher, again reflecting Wall Street's gains. The composite index strengthened 2.95 to at 3,127.06.

JAKARTA share prices closed higher in active trading with foreign and local investor sentiment bullish. The official index advanced 2.11 to 489.54 and brokers said it looked set to break through the 500-point mark.

BOMBAY edged lower in a session dulled by the end of account and concerns about the assassination of a Hindu local party chief in Bombay. The BSE 30-share index closed at a provisional 4,414.85, down 14.20 points.

COLOMBO closed higher in thin trading dominated by retailers and foreign institutions, the CSE all-share index closing 12.24 higher at 1,000.77. Turnover was low at Rs79.6m compared with Rs121.9m on Wednesday.

TAIPEI reversed early gains to end lower on late profit-taking; brokers said a downside consolidation would continue in coming sessions.

The weighted index, which hit an intraday high of 6,945.08, slipped 4.13 to end at 6,858.01. Turnover declined to T$90bn from T$100.3bn on Wednesday.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY AUGUST 24 1994								TUESDAY AUGUST 23 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	174.30	1.1	166.11	108.43	139.65	158.64	0.5	3.52	172.45	164.53	107.32	137.87	155.82	189.15	139.24	144.11
Austria (17)	192.44	0.5	183.40	119.72	154.18	154.07	0.6	1.04	191.50	182.70	119.17	153.09	152.91	195.41	164.64	169.09
Belgium (37)	176.48	0.2	168.18	109.78	141.39	138.18	0.4	4.00	176.03	167.94	109.54	140.72	137.57	176.76	143.62	150.65
Canada (104)	132.11	1.4	125.90	82.19	105.85	131.54	1.2	2.57	130.25	124.26	81.05	104.12	129.95	145.31	120.54	127.97
Denmark (33)	260.04	0.3	247.82	161.77	208.34	216.19	0.8	1.37	259.31	247.40	161.37	207.30	214.55	275.79	220.58	222.07
Finland (24)	170.99	0.1	162.96	106.37	137.00	160.63	0.3	0.77	170.76	162.92	106.27	136.51	160.16	172.10	104.28	114.44
France (97)	175.89	-0.1	167.63	109.42	140.92	145.71	0.2	3.02	175.98	167.89	109.51	140.68	145.46	185.37	159.34	163.00
Germany (58)	146.32	0.7	139.45	91.03	117.23	117.23	1.0	1.76	145.24	138.57	90.39	116.11	116.11	147.76	122.77	122.77
Hong Kong (56)	374.78	0.1	357.17	233.15	300.28	371.85	0.1	3.27	374.56	357.35	233.10	299.44	371.80	509.56	266.76	269.32
Ireland (14)	200.63	1.1	191.20	124.81	160.75	184.15	1.0	3.43	198.51	189.39	123.54	158.70	182.40	209.33	161.54	170.01
Italy (59)	84.67	2.1	80.69	52.67	67.84	99.05	2.2	1.57	82.91	79.10	51.60	66.28	96.88	97.78	67.88	76.81
Japan (469)	166.44	0.5	158.62	103.54	133.35	103.54	0.5	0.74	165.55	157.95	103.03	132.35	103.03	170.10	124.54	157.26
Malaysia (97)	558.46	-0.5	532.23	347.42	447.45	548.14	-0.6	1.51	561.12	535.34	349.20	448.59	551.39	621.63	381.70	381.70
Mexico (18)	2341.64	-0.3	2231.59	1456.71	1876.11	8560.11	-0.1	1.56	2349.15	2241.18	1461.91	1877.98	8569.59	2647.08	1615.11	1757.05
Netherland (27)	215.42	0.6	205.30	134.01	172.60	170.04	0.8	3.35	214.23	204.39	133.32	171.27	168.70	215.42	180.15	180.15
New Zealand (14)	71.60	1.3	68.23	44.54	57.37	63.08	0.9	3.79	70.70	67.45	44.00	56.52	62.51	77.59	59.22	61.78
Norway (23)	209.02	0.9	199.19	130.03	167.46	192.26	1.2	1.72	207.14	197.62	128.91	165.60	190.05	211.74	165.62	169.71
Singapore (44)	356.94	-0.1	340.17	222.05	285.99	246.90	-0.2	1.71	357.39	340.97	222.41	285.72	247.29	378.92	278.79	278.79
South Africa (59)	301.99	-0.2	287.80	187.87	241.95	301.65	0.6	2.08	302.71	288.80	188.38	242.00	299.72	305.44	176.93	199.78
Spain (42)	142.97	0.3	136.15	88.88	114.46	139.12	0.6	4.14	142.44	135.89	88.64	113.87	138.32	158.79	128.88	136.30
Sweden (36)	220.24	1.8	209.89	137.01	176.46	248.82	2.3	1.60	216.28	206.35	134.60	172.91	243.19	231.35	175.83	184.46
Switzerland (47)	160.89	0.1	153.33	100.09	128.91	129.67	0.4	1.67	160.65	153.26	99.97	128.43	129.11	178.56	135.01	135.01
United Kingdom (204)	203.37	0.9	193.82	126.52	162.95	193.82	0.8	3.91	201.51	192.25	125.40	161.10	192.25	214.96	161.11	186.01
USA (518)	191.49	0.9	182.49	119.12	153.42	191.49	0.9	2.81	189.74	181.02	118.06	151.69	189.74	198.04	178.95	187.83
EUROPE (718)	174.66	0.7	166.64	108.78	140.10	155.54	0.8	2.99	173.62	165.64	108.05	138.80	154.27	178.58	153.88	154.77
Nordic (116)	216.88	1.1	206.69	134.92	173.78	208.76	1.5	1.42	214.49	204.63	133.48	171.47	205.62	222.03	173.19	175.87
Pacific Basin (749)	174.94	0.5	166.72	108.83	140.16	113.91	0.4	1.05	174.08	166.09	108.34	139.17	113.43	176.86	134.79	161.09
Euro-Pacific (1466)	174.78	0.6	166.56	108.73	140.03	130.54	0.6	1.87	173.76	165.76	108.13	138.91	129.77	175.05	143.88	160.38
North America (622)	187.80	0.9	178.98	116.83	150.47	187.37	0.9	2.80	186.05	177.50	115.78	148.74	185.64	192.73	175.67	184.21
Europe Ex. UK (514)	155.34	0.6	148.52	96.85	124.86	133.38	0.6	2.43	154.94	147.82	96.42	123.86	132.29	158.12	134.97	136.09
Pacific Ex. Japan (279)	258.82	0.2	246.66	161.01	207.37	230.35	0.1	2.80	258.19	246.33	160.68	206.41	230.23	296.21	199.12	199.12
World Ex. US (1647)	176.25	0.6	167.97	109.64	141.21	134.30	0.6	1.89	175.24	167.19	109.06	140.09	133.60	176.37	145.58	158.78
World Ex. UK (1961)	178.02	0.7	169.65	110.74	142.63	147.95	0.7	2.03	176.83	168.71	110.05	141.37	146.92	178.02	155.96	165.70
World Ex. So. Af. (2106)	179.50	0.7	171.06	111.66	143.81	150.95	0.7	2.21	178.24	170.05	110.92	142.49	149.88	179.50	158.64	167.41
World Ex. Japan (1696)	189.61	0.8	180.69	118.08	152.07	160.38	0.8	2.84	188.37	179.71	117.22	150.58	178.92	195.20	174.04	174.97
The World Index (2163)	180.26	0.7	171.79	112.14	144.42	152.06	0.7	2.21	179.01	170.78	111.40	143.11	150.98	180.26	159.85	167.50

Latest prices were unavailable for this edition.